TRUSTS

PRO AND CON

BEING A DETAILED REPORT OF THE

CHICAGO TRUST CONFERENCE

HELD IN CHICAGO, SEPTEMBER 13-16, 1899.
UNDER THE AUSPICES OF THE

CIVIC FEDERATION

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W. BOURKE COCKRAN

VS.

WILLIAM JENNINGS BRYAN

ILLUSTRATED

M. HILL CO.
CHICAGO

1899. Issued Semi-Monthly.
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CONTENTS.

PAGE

The Trust Conference..... 5

FIRST DAY.

Addresses of Welcome:
Attorney General Akin of Illinois..... 7
Dr. Howard S. Taylor of Chicago..... 9
Pres. Franklin H. Head of the Civic Federation..... 11
Problems Before the Conference, Prof. J. W. Jenks..... 13
Trust Problems, Prof. H. C. Adams..... 20
Trust Question as Texas Sees It, Dudley Wooten..... 26
Are the New Combinations Dangerous? Prof. J. G. Brooks. 32
A Hopeful Course of Procedure, William Fortune..... 36
Opposed to Trusts, Gov. G. W. Atkinson of West Virginia.. 37
Trust Debts Must Be Placed, C. E. Crow..... 41
Trusts Hurt Salesmen, P. E. Dowe..... 42
Competition Fostered by Trusts, Francis B. Thurber..... 44
Limitations of Competition and Combination, Joseph Nimmo, Jr. 46
Review of First Day, Dr. Albert Shaw..... 47
Review of First Day, Prof. J. R. Commons..... 49

SECOND DAY.

Trusts and the Tariff, Lawrence Purdy..... 51
Tariff the Mother of Trusts, Byron W. Holt..... 53
Tariff Does Not Favor Trusts, J. F. Scanlan..... 56
Tariff or Trusts, Which? Hon. Thos. Updegraff..... 58
Excessive Financial Energy, H. W. Seymour..... 59
Protection of Grain Markets, S. H. Greeley..... 62
Foreign Markets and American Shipping, J. C. Hanley.... 63
Agriculture and Trusts, Aaron Jones..... 64
Anarchism and Trusts, Benjamin R. Tucker..... 65
Trusts and Our National Life and Citizenship, Gov. H. S. Pingree of Michigan..... 67
Trusts Have Come to Stay, Hon. Charles W. Foster..... 72
Arkansas Law as Applied to Trusts, Hon. Jefferson Davis.. 74

593830

PAGE
Trusts Part of Progress, George Gunton..... 75
Congress Should Control, Hon. T. R. Gaither, Jr..... 76
Review of Second Day, Dr. Albert Shaw..... 77
Review of Second Day, Prof. J. R. Commons..... 79

THIRD DAY.

Single Tax View, Louis F. Post..... 82
Trusts from the Socialists' Point of View, Thos. J. Morgan. 82
Trusts and Combinations, John W. Hayes..... 84
Trusts and Organized Labor, Henry White..... 87
Trusts and Unions, Samuel Gompers..... 88
A Practical View, M. M. Garland..... 90
Caution Against Demagogues, David Ross..... 91
Government Ownership, M. L. Lockwood..... 92
New Jersey and The Trusts, Edward Keasbey..... 94
The Trust Problem, Prof. E. W. Bemis..... 95
Regulation of Trusts, Prof. John B. Clark..... 96
The Paramount Issue, Hon. Wm. D. Foulke..... 100
Trust Remedies, Edward Rosewater..... 103
Industrial Combinations, Hon. W. Bourke Cockran..... 106
Brief Response by Hon. W. J. Bryan..... 136

FOURTH DAY.

Industrial Combinations, Hon. W. J. Bryan..... 138
Monopolies Under Patents, J. H. Raymond..... 162
Remedies for Industrial Trusts, G. W. Northrup..... 162
Civic Federation on Trusts, Prof. David Kinley..... 163
Trusts from a Business Man's Standpoint, T. B. Walker... 164
On Texas Law, Hon. T. S. Smith..... 165
New Jersey Trusts, J. B. Dill..... 165
General Discussion:
Foulke Challenges Bryan..... 166
Chicagoan Defies Cockran..... 167
Bryan Replies to Foulke..... 167
Cockran Replies to Bryan..... 173
Senator Blair of New Hampshire..... 180
No Resolutions 180
The Last Word, Hon. Wm. Wirt Howe..... 181
Adjournment 182

TRUSTS—PRO AND CON.

THE TRUST CONFERENCE.

The Civic Federation of Chicago, in view of the widespread interest in the subject of trusts and industrial combinations, decided to invite the leading thinkers of the country to assemble in Chicago in September to discuss this great question. Governors of states were invited to be present, and to appoint the strongest controversialists in their respective states to accompany them. National labor organizations were also asked to send delegates, as were boards of trade in all the large cities, and, in fact, all organizations of any standing whatsoever were asked to be represented in the conference. Special invitations were issued to colleges and universities to send their professors.

As a result a most distinguished assemblage of over five hundred delegates, including governors of states, senators, congressmen, attorneys, college presidents, and professors, trust officers, business, laboring and professional men responded to the roll call at the opening of the conference in Central Music Hall on the morning of September 13.

Addresses of welcome were delivered by Attorney General E. C. Akin in behalf of Governor Tanner; Dr. Howard S. Taylor in behalf of Mayor Harrison, and by President Franklin H. Head of the Civic Federation. The officers of the Civic Federation were made the temporary officers of the conference, Ralph M. Easley being the secretary.

The Civic Federation had arranged no program beyond the opening session, and thus the whole proceeding was in the hands of the delegates. By unanimous consent this opening program was carried out, and Prof. J. W. Jenks of Cornell University was introduced and spoke on "Trust Problems."

The various delegations were asked to appoint members of a program committee.

The speakers in the afternoon session were Dr. H. C. Adams of the University of Michigan, Dudley Wooten of Texas, Prof. John Graham Brooks of the University of Chicago, Hon. William Fortune of Indiana. In the evening session the following spoke: Gov. G. W. Atkinson of West Virginia, Hon. C. E. Crow, Attorney General of Missouri; P. E. Dowe, president of the Commercial Travelers' National League; Francis B. Thurber of New York, and Joseph Nimmo, Jr., of Washington.

The committee on organization chose Judge William Wirt Howe of New Orleans as permanent chairman of the conference.

The conference thus permanently organized proceeded as shown in the following pages. All the leading speeches are printed in full, and the arguments of all the speeches are given, in the order in which they were delivered.

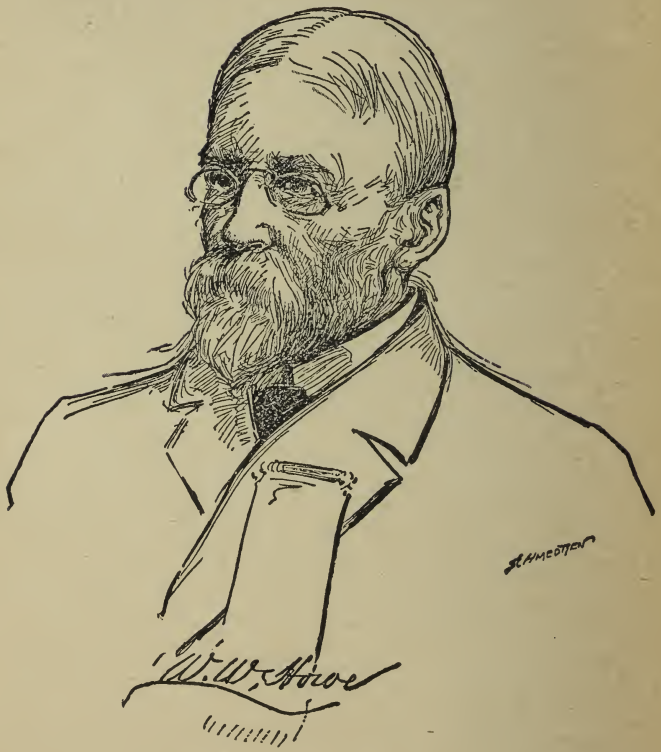
ADDRESSES OF WELCOME.

ATTORNEY-GENERAL AKIN.

Attorney-General Akin delivered the address of welcome, taking the place of Governor Tanner, who was detained by illness. He spoke as follows:

Gentlemen, governors and representatives of sister states and members of visiting delegations: The pleasure of addressing you on this occasion is as gratifying as it is unexpected, and the fact that the substitutions were announced long before either Governor Tanner or myself knew of any such purpose is but a deserved compliment to the energy and prophetic power of the average Chicago newspaper reporter.

Owing to the serious illness of Governor Tanner, which alone prevents his presence here to-day, the privilege of welcoming you on this occasion has been generously accorded to me. The casual stranger, who comes without evil intent, is entitled to passive welcome as a matter of mere courtesy, but to you a most generous welcome is due, because many of you occupy positions of high trust and importance in the various states you represent, because among you are the leading minds in the great world of letters and of science. You are entitled to welcome not alone because of these, but because of the objects and the purposes that have brought you together. The chief end of government is the accomplishment of the greatest good to the greatest number. (Applause.) Whether that great evolution of modern trade and commerce commonly known as the trust is to prove of benefit or injury to the masses of our people, and if of benefit how it may be safely promoted, and if of injury what the remedy shall be, how and by what authority applied, are questions that lie close to the well-being and happiness of our people, and in which they are to-day above all other matters vitally interested. (Applause.)



JUDGE WILLIAM WIRT HOWE.

Chairman of the Conference.

The personnel of this conference is guarantee that these great questions will not only be ably discussed, but along educational, conservative lines, which are the underlying principles of this conference, and it is because of the courtesy ordinarily due to strangers within our gates, and is due also because of high considerations of personal regard; it is because of the prominence which you have attained in the public estimation; it is because of the purposes and objects that have brought you together; and it is because we believe that as a result of this conference our people will have a better and a wider knowledge of these great questions, and that here will be sown the seed which shall blossom into legislation, if legislation be needed, at once wise and conservative, having in view alike the interests of capital and of labor, of the consumer and the producer.

It is because of all these that on behalf of the great state of Illinois and on behalf of its governor, I extend to you a hearty and cordial welcome.

DR. HOWARD S. TAYLOR.

In the absence of Mayor Harrison, Dr. Howard S. Taylor, city prosecuting attorney, welcomed the delegates on behalf of the city. He spoke as follows:

Mr. President, delegates and gentlemen: I am requested by his honor the mayor, now absent from the city, to be present on this occasion and in his name to bid you a most hearty welcome to Chicago, with the assurance that this great city, whose motto is "I will," shrinks from no problem, but with the characteristic intelligence and liberality that from old Fort Dearborn till now has always distinguished her welcomes into her forum with perfect confidence every free utterance and inquiry that may give inspiration and wisdom to the great republic of which we are a constituent part. Chicago, through all her history, believed that there is more danger in suppressing truth than in publishing falsehood; and, therefore, she clings to the old doctrine of free and full speech on every question of public interest.

The matter that has brought you together is of prime importance to Chicago and to the whole country. We are a nation of wealth producers and distributors. We can fight if need be; from Washington down to Miles, from John Paul Jones to Admiral Dewey, we have no apologies to make for our conduct on land or sea. We have also contributed our full quota to the world's treasury of literature and art; but, after all, Providence and the genius of our people have, in the main, led us in the ways of peace and production. To challenge Nature, to wring from her strongholds the material gains that shall make us a people of happy homes and hopeful hearts, has been the history of our honorable past and the prophecy of our growing future. Whatever, therefore, touches the question of wealth production and distribution touches the center of our civilization and invites from all our people such counsel and action as shall secure for us and our posterity the greatest possible good—the benevolent reign of peaceful industry that shall—

"Scatter plenty o'er a smiling land
And read its history in a nation's eyes."

That the subject which you are to discuss is one both of eminence and imminence is proven not only by your presence here, but by the wide discussion which is now going on in the magazines and newspapers and in every other place where public opinion is created or expressed. Gentlemen may differ in their opinions concerning the nature of trusts, their cause and cure; but there is no questioning the fact that a new and portentous phenomenon has risen above the horizon of our national life, and one of such grave import as to justify the fullest, fairest study that this convention can command.

His Honor, Mayor Harrison, has his views upon this subject—clear and pronounced; but he entertains them as an American citizen and will not take advantage of his official position to promulgate them. As chief magistrate of the city he does not desire to bias or anticipate your conclusions; but, confident always in truth as an end and free speech as a means, he approves your convention and bids you, through me, a most cordial welcome to Chicago.

PRES. FRANKLIN H. HEAD.

President Head, on behalf of the Civic Federation, outlined the objects of the conference. He spoke as follows:

The Civic Federation of Chicago is a nonpartisan organization, embracing in its membership, supporters and well wishers, a goodly portion of the active business and professional men of our city—the men who in their several ways have helped to win for our city its position as a metropolitan capital. Some months ago it realized that no topic seemed so widely discussed as what was designated by the general title of "Trusts," and that, too, upon no current topic was there so widespread and general ignorance and confusion of ideas. There seemed to us a crying need of education upon the subject, of an education which would show the broad distinction between the various trade combinations and trusts, and to promote such education this conference is now in session.

It is not a trust or an anti-trust conference, but a conference in search of truth and light. With this end in view the attendance has been solicited of men of every shade of opinion upon the general subject; the men who regard trusts and trade combinations as the standing menace of our national prosperity, and even to the perpetuity of our system of government, and those who feel that trade combinations and large aggregations of active capital are simply a natural evolution in the development of our industrial and commercial life, and that such aggregations are absolutely necessary to enable us to compete with the vast accumulations and experience of the older nations, and their almost total control, outside of food products, of the markets of the world.

We are also to hear from those holding views between either extreme; those who believe in the value of combinations properly organized, but who recognize in the reckless and excessive capitalization of many such combinations a peril leading to widespread panic and distress from such inflated source of the profits. It is a question not yet practically settled, and a question which most people have not yet even settled in their own minds whether it is in the interest of the public that by high charges divi-

dends should be earned on capitalization which represents merely a public franchise, or on that which represents the monopolistic element created simply by the aggregation of capital without the application of special talent or exceptional skill.

We hope to hear the general subject discussed from all possible standpoints—from the view not only of the organizers of the combinations, but also from the workmen and customers of the industrial corporations. We hope light will be thrown upon the difference between the trusts which tend to monopolies and the industrial combinations which in many cases seem to be to the advantage of all.

We are now in a period of a large advance in the prices of most classes of manufactured goods, especially iron and steel products, and we hope some of our speakers will illustrate how much of this advance is due to combinations and how much to the vastly increased demand, which in all lines has always in the past resulted in advanced prices under the immutable law of supply and demand. There has been no trust or combination, for instance, among our farmers, but we all recollect how, two years ago, the short wheat crop abroad caused such an increased demand as to advance legitimately the price of that staple over 50 per cent within a period of four months, and later an enormous demand for wheat from one of our citizens, Joseph Leiter, whose hunger for wheat gave him a world-wide reputation, caused an advance of another 50 per cent.

The very general response to our invitations to this conference from the governors of nearly all the states, who have appointed as delegates their most eminent citizens, and from the great commercial bodies, the universities and the labor, agricultural and other organizations which have sent their ablest men and most profound students of economic problems—this response has been gratifying beyond measure, and illustrates the interest everywhere felt in the general subject and its impartial discussion. This response also fills us with hope as to the great advantages which will result from the full discussion of all phases of the most vital topic of the day. We trust that this discussion may be able, scholarly and dignified, as becomes the subjects and the occasion, and that when these discussions

reach their proper audience—the millions of people in every town and hamlet, who from the newspapers receive the reports of your deliberations—it may lead to action that may tend to preserve in our trade combinations, all which is of value, as well as to point out methods by which the evils of such combinations may be avoided.

The Civic Federation recognizes that with the assembling of the delegates to this conference and its brief preliminary exercises its participation in your proceedings is at an end. You will, gentlemen, make your own program and plans. At the same time I wish to tender you on the part of the federation, with its best wishes, the services of any committees, officers or members, whenever such services can in any way facilitate your work.

PROBLEMS BEFORE THE CONFERENCE.

OUTLINED BY PROFESSOR J. W. JENKS OF CORNELL UNIVERSITY.

Pending the selection of the committee on program, which was to be reported at the afternoon session, President Head introduced Professor J. W. Jenks of Cornell. He spoke as follows:

It has been well said that the first essential for the attainment of scientific knowledge is to get a definite outline of one's ignorance. It is certainly true that a long step has been taken toward the solution of a problem when the problem itself has been clearly stated. It may be of service, therefore, if the various questions which the present combinations of capital have raised, and toward the solution of which this conference may well contribute much, be brought together. I cannot expect to state clearly all of the questions raised by the growth of these industrial combinations, but I mention some of the most important ones as they have been called to my attention.

1. Competition versus combination.

It has often been assumed that industrial combinations and monopolies have abolished competition. On the

other hand, managers of the most important industrial combinations invariably assert that they have much competition, and that the principle of competition is still active as long as any one is legally free to set up a rival establishment. Many students of the question have asserted that among great industrial organizations competition is fiercer than among smaller establishments, and that combination does not abolish competition, but simply raises it to a higher plane. So long as there is not a state monopoly like that of the postoffice, or a legal monopoly like that established by a patent, there, of course, is at least potential competition. A rival may at least enter the lists. But a question on which many people are not yet clear is how far large combinations of capital possess a monopoly in fact, and how far these large industrial combinations are able to fix prices on the monopolistic principle of securing the highest net returns with little reference to what others charge, even though there may exist in the business some few other, but, relatively speaking, unimportant, establishments. How far can an establishment which sells only a high percentage, say 75 to 90 per cent of the total product, secure monopolistic gains? Is competition to be considered free when one establishment controls from 75 to 90 per cent of the entire product in the market?

2. Combinations of capital and combinations of labor.

Some of the most active opponents to organized capital have been found in the ranks of organized labor. Some of the managers of industrial combinations assert that they have been forced to combine on account of the power of organized labor. They assert that the principle of combination is the same in both cases, and that labor organizations are no less tyrannous than are organizations of capital. Before legislation regarding combinations is undertaken the question should be clearly answered whether the two classes or organizations are the same in principle, and whether a law which restrains one will be held by the courts to restrain the other also.

3. Combinations caused by special privileges.

It has been asserted lately that the "mother of all trusts is the customs tariff law." Many industries, however, in

which great combinations exist, have no protection of their products by the tariff. Managers of combinations which have been formed in protected industries assert that it has been the fierceness of home competition that has driven them into combination, and that if the tariff has been in any sense the cause of the combination it has been such only by developing the home industry to so great an extent that fierce competition was unavoidable. How large a proportion of the trusts does the protective tariff favor? Would a lowering of the tariff on protected industries in which industrial combinations have been formed destroy the combination, or would it merely lead to international combination such as already exists at least in one or two instances? Or would it, without breaking the combination, have the effect of lowering prices through foreign competition?

Other combinations of great power have been formed in industries protected by patents, and have secured monopolistic prices through the aid of the patent laws. Would it be in the interests of the public and would it be practicable so to amend our patent laws as to remove from them the element of monopoly, while still securing to the inventor, by royalty or otherwise, according to different suggestions, a suitable reward for his inventive skill?

It has been frequently asserted that the success of many of the leading combinations of capital has been due to special favors granted them by discriminating rates on railroads. It is also asserted by some that the most successful combinations of the present day find it rather for their interest to observe strictly the interstate commerce law and to insist upon it that the railroads shall grant no discriminations to anyone, whereas it is for the interests of those small combinations that are still struggling for a firm foothold to secure such discrimination. It is believed by many people that railroad discriminations are still very frequent. Most important questions to be solved are, first, one of fact. To what extent and to whom do the railroads grant discriminating rates? And second, what further remedy can be found for such discrimination beyond that which now exists under the interstate commerce laws of the several states?

SOME OTHER CAUSES.

4. Other causes for the formation of combinations of capital.

Managers of great capitalistic organizations usually assert that they have been driven into combination through the fierceness of competition; that without combination fair earnings on capital could not be realized, and that the trust, instead of being an aggressive combination, is really capital on the defensive. They also assert that it is only through the power that comes from a large aggregation of capital that we are able to meet foreign competition in foreign trade, and that without such combination our export trade could not be well developed, whereas with the development of foreign trade brought about through the combination of capital they are enabled to increase the output that the demand for labor and the profits of capital are both greatly increased. How far are these assertions true?

5. Overcapitalization.

Most of the newer combinations of capital have issued large amounts of stock, common and preferred, as well as of bonds. It is important, at least for the investor, to know the facts: How much of this capital is represented in plant at a fair valuation? How much in patents or brands? How much in good will in the proper sense of that word? How much is "water?" It is asserted by some that no harm is done the public even though the capitalization be much beyond the value of the plants; that the amount of capitalization has no effect on prices. Others, who believe that in these combinations an element of monopoly is found, think that an attempt to pay dividends on a large capitalization does increase prices. One class of persons assert that capital stock should be limited to the amount of capital actually paid in in cash or in plants or goods taken at a conservative valuation. Another class believes that capitalization should be fixed by the probable earning capacity of an establishment. It is urged as an example that a newspaper with a plant valued at $100,000 may well earn large dividends on a million owing to the genius of the editor. Why, it is asked, not capital-

ized at a million? But, on the other hand, should we put into permanent securities a value depending on the power of one short-lived individual? Most people would readily grant that genius or even the nerve that is shown in investing capital in new enterprises should meet with a fitting reward; but is it best to put the reward in that form?

Again, a street railway or a gas plant which costs $500,000 and whose franchise has been given it may pay good profits on one or two millions. Is it in the public interest that a public franchise be thus capitalized, put into securities in private hands so as to pay dividends on one or two millions, if the public are led thereby not to see the capitalization or to make the nature of capitalization of each organization public, so that any investor can readily learn how large a proportion in every case is represented by plant, how much by patents or special brands, how much by good will and how much is nothing but "water"? Would such knowledge adequately protect the investor? Would such knowledge, by inviting competition, if real profits were made public, sufficiently protect the consumer by making monopolistic prices impossible? Are the interests of the stockholders and the interests of the consumers under present industrial conditions the same?

6. Effects of the combinations—(A) on prices.

It remains still to be fully established as to what the effect of these combinations are upon the prices of raw material and of the finished products. Are prices of raw materials held lower than its normal by the combination? Are the prices of the finished product lowered or made higher by combination? Is it possible that competition can force prices so low that by forcing into bankruptcy large numbers of establishments the interests of the public will be seriously injured? And, from the small output, prices even be put at length above combination rates? Is it in the interests of the laborers and the public at large that the fiercest competition possible in prices be encouraged?

(B) on wages—Despite the fact that the wage earners themselves seem to be largely opposed to the industrial combinations, it is often asserted by the managers of the trust that they have increased the wages of the laboring

men. Laborers themselves assert that these combinations throw many men out of employment. They believe also that combinations, by controlling practically all of the plants of any one industry, are in much better condition to resist the demands of labor and to resist any pressure that can be brought upon them by threats of strike. A strike in one or two or several establishments will not affect the combination materially, provided it can carry on production in the other establishments at the same time. The question is not yet settled whether under the system of combined capital the laborers, by making also a thorough combination covering the whole of any one industry, may not be even better able to deal with their employers than they are at the present time. If their organization covers only two or three plants they appear to be at a disadvantage. If their organization covers the entire industry, can the laborers and capitalists then deal as a unit in fixing wages over the whole territory? Through their agreements on wages can they more readily control the prices to consumers than has ever been the case before? The effects of combinations of capital at the present time upon both the rate of wages and the continuity of employment need to be established; and a fertile guide for not merely speculation but for serious thought remains in the possibilities for the future of such an extension of labor unions that the employers and the employes throughout an entire industry can, with little fear of successful opposition from the outside, so control the industry that they can practically fix prices arbitrarily. The effects of such a double combination upon the consuming community at large need also further study.

EFFECT UPON MIDDLEMEN.

(C) upon middlemen—A third complaint against great capitalistic organizations comes from the middlemen, particularly from jobbers and wholesale dealers, who assert that the trusts are eliminating men. Is this elimination of the middlemen, as well as the saving of labor, to be considered on the whole a gain to the community or a loss? If the trusts can deal directly with two or three large jobbers, can fix their prices and guarantee their

profits, will there be enough saving in energy to the community to make up for the loss to those who are driven out of business temporarily? Will it also be possible within a comparatively short time for those persons whose business is thus ruined, as well for the laborers who are driven out of employment by the combinations, to secure employment elsewhere through the added demand that may come from the saving of cost and of labor merely? In other words, is the new form of organization a means of saving energy comparable with a new invention like the railroad or the steam engine, so that we may be fairly sure that though temporary suffering occurs there will be enough saving to lower prices and increase the demand for goods to so great an extent that the total demand for labor in the long run will be increased? Or, on the other hand, is the new form of organization a conspiracy of the few rich and powerful to oppose the many? Each view is taken by thousands.

7. Legislation—If the state needs to interfere in this modern industrial movement, what form of legislation is wisest? Should it be destructive and attempt to prevent combination, or should it be regulative, permitting combination freely, but attempting so to control that evils to the public may be avoided? Of legislation aiming at destruction we have had many examples. The question still remains unsettled as to how far this legislation will prove effective. Many points have been overruled by the courts; many have been upheld; experience only will show the outcome there.

If legislation is to be chiefly regulative, will it be sufficient to secure publicity, or can something be done to prevent undue raising of prices? A second question of not less import is this: How far can such legislation be national under the general provisions of our constitution regarding interstate commerce, and how far must the legislation be state? Could there be within a reasonable time national incorporation of great industries over which the federal government should have sole control? If so, would such control be advisable? Can congress now, under our present constitution, secure full information for public use regarding the nature of the property and busi-

ness of great corporations, and with frequent reports regarding the condition of the business, could it so inspect the books and records of such organization that public confidence in reports would be assured? If such publicity were sought through government would a special commission or bureau be needed for the administrative work? Can any of the states, by any measures, effectively promote the interests of their citizens without laws that are substantially uniform among them all?

There are other problems suggested by the industrial combination. I have mentioned the most important ones to which my attention has been called. It is hoped that wise and conservative though bold action may in no long time solve some of them.

The conference then adjourned until the afternoon.

TRUST PROBLEMS.

PROFESSOR HENRY CARTER ADAMS.

Professor Henry Carter Adams, of the University of Michigan, addressed the conference in the afternoon of the first day on "Trust Problems," as follows:

I have been requested to undertake a statement of the questions that arise in the consideration of the trust problem. In doing this I can say nothing that is new, nor shall it be my aim to be exhaustive. It is possible, however, that questions which are familiar may present themselves in a new light when brought together in a single statement.

Whatever the trust problem may be, it has to do with business organization, and on this account the first question that suggests itself is one that pertains to the science of economics. We observe in almost every form of business that industrial power is concentrating itself, that organizations are growing in size, that individual and small enterprises are being crowded to the wall, and that the sphere of competition is constantly being narrowed.

This tendency is opposed to the theory upon which our system of jurisprudence rests, and it is pertinent to inquire whether it is inherent in the nature of the industries that are thus tending toward consolidation, or whether its explanation is to be found in the peculiar conditions under which industry at the present time is carried on. This is a most important question, for if the tendency toward consolidation be natural, remedial legislation should address itself to the control of the industrial forces thus brought together. If, on the other hand, this tendency be artificial, the legislature, in dealing with the situation, must seek to restore those conditions under which individual enterprise may be able to maintain itself. Without undertaking the analysis of industrial conditions and motives which a consideration of this question involves, I shall state at once what seems to be the correct opinion upon this subject. Industries are not all of the same kind. They do not all possess the same character. Some tend toward consolidation and combination, while others are well fitted by their character to continue a separate and competitive existence. The transportation industries are of the former class. The manufacturing industries are, speaking generally of the latter class.

Railways by their very nature tend toward combinations and consolidation. The biscuit industry, the manufacture of nails, the refining of oil, on the other hand, are well fitted for individual management and administration. If these latter, like the former, show a tendency toward consolidation, the explanation will be found in the peculiar conditions under which they are carried on. Thus again, upon the threshold of this discussion, do we discover the imperative necessity of industrial analysis as a guide to right policy and sound legislation. Before coming to the question of general policy there is another question which will undoubtedly be made the subject of warm discussion by the convention. Are the combinations commonly called trusts advantageous or disadvantageous? Is the tendency toward consolidation one to be approved or disapproved? It is likely that this discussion will turn upon three points: First, does consolidation of manufacturing industries tend toward the reduction of cost?

Second, will manufacturing under trusts, by measuring the output to the current demand, tend to guard society from the evils of commercial panics and commercial depressions? And lastly, is this new organization of industry in harmony with a democratic organization of society? Here again I must ask the privilege of expressing an opinion, as the time allotted this paper does not permit a full statement of the reasons upon which my opinion rests.

PRODUCT IS CHEAPENED.

It is common to say that increase in the size of a manufacturing plant permits the production of commodities at less cost than would otherwise be the case. There is undoubtedly some truth in this statement. The development of machinery has gone hand in hand with the growth of factories, and as a result the product is furnished at a cheapened rate. But there is a limit to the application of this rule. Every manufacturing industry, considered from the point of view of production, has at any particular time a size which may be regarded as its normal size of maximum efficiency. This normal of maximum efficiency is determined by the extent to which division of labor and the use of machinery can be applied. To increase such an industry by one-half would not result in a decrease of the cost of manufacture, for it would occasion a less effective application of the principle of division of labor.

While, therefore, it is true that the concentration of capital and labor under a single direction is followed by economy up to a certain point, it is not true that combination and concentration beyond that point tend to reduce the cost of the production. He who accepts this statement of the case must conclude that manufacturing combinations, I say nothing of other forms, contribute nothing to the reduction of the cost of manufacture beyond what would be contributed should each of the industries continue its independent competitive existence. This is a curt answer to a profound question, but it is believed to rest upon sound analysis and to lead to the conclusion that the motive to a trust organization of

manufacturing industries is not found in a desire to benefit the public by the reduction of cost.

It is not so difficult to suggest the line of reasoning upon the second question submitted. The chief argument in favor of combination among producers is that by this means production will be measured to demand, and consequently there will be no overstocking of the market, no commercial depression and no commercial panics. I shall not undertake to argue this proposition, but content myself with a single comment. Opposed to this theory of commercial depressions stands the well-wrought theory of socialistic writers which rests upon the claim that a stocked market is due to an uneconomic distribution of values, and not to an overproduction of goods. It certainly is true that goods cannot be sold when the property in the goods, as also money with which to purchase them, is in the same hands. A steady market implies an equation between goods on the one hand and the purchasing power in the hands of those for whom the goods are made on the other. You perceive at once the bearing of this line of reasoning upon the claim that combinations tend to steadiness of trade. An adjustment of the output to the current effective demand is of the utmost importance. It may be questioned, however, whether a yet further concentration of industrial power than that which now exists is the best means of attaining this result.

BALANCE OF POWER.

In addition to these purely industrial considerations it is necessary to inquire respecting the general social and political results of trust organizations before one can accept them as a healthful tendency in modern life. It must be remembered that our industrial society rests upon English jurisprudence, that English jurisprudence acknowledges the individual as the center of all industrial activity, that it provides for him the institution of private property, holds him to strict accountability and assumes that competition between producers on the one hand and purchasers on the other hand, is a guaranty of justice and equity in all individual conduct. Do trusts fit naturally into this theory of society? For the preservation of

democracy there must be maintained a fair degree of equality in the social standing of citizens. Do trusts tend to such equality? For the normal workings of that industrial society which is the product of six centuries of history, the door of opportunity must not be closed. Do trusts tend to close the door of opportunity? For the realization of the American idea of government there must be a balance of power, and the interests that lie outside the government; on the other hand, do trusts tend to destroy this balance of power? I would not claim, without discussion, that the trust organization of society destroys reasonable equality, closes the door of industrial opportunity, or tends to disarrange that fine balance essential to the successful workings of an automatic society; but I do assert that the questions here presented are debatable questions and that the burden of proof lies with the advocates of this new form of business organization.

If the current tendency toward consolidation in manufacturing industries does not spring from the nature of the industry, and if the benefits accruing to the public from these consolidations are at least questionable, it is incumbent upon us next to inquire out of what conditions these modern industrial organizations have sprung. I shall venture but three suggestions in this connection. Doubtless many more will be presented as this convention proceeds in its deliberations.

The inequalities which exist in established schedules of railway rates, as also the proneness of railways to depart from published schedules in order to secure the business of large shippers, works toward the consolidation of manufacturing industries and commercial enterprises. It is not intended to say that maladministration on the part of railways is of itself responsible for present industrial tendencies. It is, however, true that in so far as railways discriminate in favor of large shippers they present a motive to shippers to become as large as possible. This is too familiar a fact to call for discussion. The truth is that the business of transportation underlies all other businesses; it determines the conditions upon which other forms of industry are carried on, and by the manipulation

of rate schedules tone, color and character can be given to industrial society at large. While the solution of the railway problem would not necessarily cause all trusts and combinations to disappear, its solution is essential for dealing wisely with the trust problem. No one can deny that inequitable railway charges and discriminations in railway rates are an important element in the conditions that foster commercial combinations.

In further explanation of the current tendency toward business combination on the part of industries that by their nature are not monopolistic, reference may be made to the fact that the commercial jurisdiction of modern business is much broader than the political jurisdiction of the governments whose protection they seek and by whom they should be controlled. The federal government has no authority over many of the questions raised by the study of trusts, while the state governments are confined in the exercise of their authority to their local jurisdictions.

WOULD CAUSE CONFUSION.

Such a condition must result in confusion of laws, in uncertainty of procedure and in enabling the interstate enterprises which rest upon state foundations to become a law unto themselves, so far as the conduct of their affairs is concerned. Competition cannot work inequitably under such conditions. Justice attends competition only when competitors stand on an equal footing. It is, therefore, no occasion for surprise to one who is familiar with the present condition of state laws upon industrial affairs that small and localized industries should find themselves at a disadvantage in their struggle for existence with the great combinations. A national market has taken the place of the local market, but we still rely upon local law for its regulation and control. Uncertainty of law and harmony of procedure are as essential as uniform railway rates and absence of discrimination to restore those conditions in which competition can effect its normal, beneficent results.

We come from a state whose area, resources, and population of economic relations to the stupendous question of political organization and legislative procedure. He who believes in local government will not readily consent to

the proposition that the federal congress should assert exclusive authority over commercial and industrial conditions. Nor, on the other hand, will he who appreciates the significance and the beneficent results of a world's market consent to the suggestion that the business transactions of a state concern should not extend beyond the borders of a state. Here is a problem for statesmen to contemplate, and it is possible before arriving at its solution that the constitutional relations between the local and the federal government will be subjected to modification. Without entering upon this phase of the subject, may I submit for consideration the following proposition: The true function of a central government in dealing with problems of internal economy is to determine the fundamental principles of legislation, while the true function of local government is to express those principles in the terms of local conditions and to administer the laws thus expressed. By this means harmony of action, at least, would be secured, and one of the conditions out of which industrial combinations spring will have been set aside.

My third suggestion in explanation of the persistence of combinations in industries which from their nature are subject to competition is found in the unsatisfactory condition of state laws of incorporation. This is a question that should be considered by a lawyer, but by the lawyer who is familiar with the industrial history of the English-speaking people. Originally a corporation created by the state was regarded as an arm of the state. Individuals were clothed with some degree of public authority because they undertook to perform what were regarded as public duties. The East India Company, which planted an empire, is an illustration of such a corporation.

TRUST QUESTIONS AS TEXAS SEES IT.

DUDLEY WOOTEN.

Following Dr. Adams, Dudley Wooten, of Texas, was introduced and spoke as follows:

We come from a State whose area, resources, and popu-

lation, we think, entitle us to entertain positive and pertinent convictions upon the great question that called together this meeting.

First of all, we are mainly producers of raw material and consumers of manufactured products, and whatsoever tends to arbitrarily control the prices of the one or to monopolize the output of the other is a direct injury to our people and their industrial pursuits. In the next place we believe that there is a fundamental principle of political ethics and governmental science involved in the problem under consideration. We believe that there are some things more valuable to a free people than the mere accumulation of worldly wealth. We do not believe in that school of political philosophy that rejects as antiquated and inadequate the great precepts and principles of a venerable jurisprudence at the behest of modern monopoly that salves the wounds of freedom with the oil of avarice, and condones a constitutional crime with the argument of pelf and greed.

WORSE THAN NEGRO SLAVERY.

After citing the declaration in the Texas constitution that "monopolies are contrary to the genius of a free government and shall never be allowed," he continued:

We confidently assert that the commercial and industrial bondage being rapidly imposed upon the toil and talents of 70,000,000 of American citizens by the syndicated wealth of a few great corporate monopolies is more dire and dangerous than the slavery that once bowed the heads and burdened the backs of 4,000,000 of Southern black men.

Coming to this Western world, we remember the fortitude and sagacity that founded this republic on the same great traditions of constitutional right that have glorified the centuries of English growth, but framed its institutions on yet freer and broader lines.

VIOLATE NATION'S TRADITIONS.

Here the speaker quoted utterances of Washington, Jefferson, the elder Adams, and Webster, calling attention

THE TRUST OCTOPUS—"I CAN SEE MY FINISH."

—From The Chicago Record.

to the dangers of commercial greed and privileged monopolies, then said:

Remembering and revering these ancient and approved principles and precepts, we must be allowed to believe and to maintain that the modern "trust" and its more modern successor—the consolidated corporate monopoly—are the practical realization of the commercial spirit in its most odious and despotic form.

Developing under the frown of judicial disfavor, the original "trusts" have passed from the loose and imperfect combinations of affiliated corporations into the crystallized and condensed union of huge capitalized monopolies under one charter and a centralized control. Their fundamental purposes are to reduce the cost of production to the manufacturers by minimizing the cost of labor and depressing the prices of raw materials; to destroy competition by absorbing all rival industries, squeezing out the small, coercing the weak, and amalgamating the strong; to monopolize and control trade and industry by absolutely dominating the markets and subsidizing or terrorizing the free and normal course of commerce and labor.

They seek to justify their operations on the plausible ground that they improve the quality and increase the quantity of useful manufactures, reduce prices to the consumer, and add to the wealth and prosperity of the country. It might be admitted for the sake of argument that some of these contentions are temporarily true, but ultimately none of them is true or possible in the nature of things.

COUNTS THE COST.

But suppose some of these things to be correctly stated. At what and whose expense are these much praised results attained? At the expense of the producer of the raw materials, whose products are sacrificed at ruinous prices; at the expense of discharged employes, whose places are filled by fewer hands or improved machinery, whose families must starve or steal or join the army of tramps; at the expense of every honest competitor who is driven out of business by the combination or closed up by forcible absorption; at the expense of every customer who is

compelled to handle the trust goods upon arbitrary terms and at such profits as may be prescribed by the trust; at the expense of the entire public.

SUGGESTS A REMEDY.

Entertaining, as we do, these deliberate convictions, there is, in our view of the matter, but one phase of the problem left open for practical discussion, and that is how best to remedy the evil and remove its causes. And here again we are confronted with a fundamental question of political and governmental science. It has been said that this is not a political question.

The courts of the country have uniformly and correctly declared that but for the existence and operations of private corporations, trusts and monopolies could not subsist for an hour. It is only by the corporation, with its peculiar and artificial attributes, that trusts and trade combinations can be successfully carried out. Here, then, we have the root of the evil, in the private corporation.

Corporations in some form or other are no doubt indispensable in a limited degree to the efficient and successful management of many enterprises. But nowhere and at no time have they existed in such numbers, for such purposes, and under such conditions as attend them in this republic. The government has further enhanced their power and privileges by the most unexampled favoritism and public protection.

SEES CAUSE IN TARIFF.

The tariff has enabled the corporate enterprises and syndicates to establish and solidify their tyranny over the country, and by legalized plunder to amass such immense capital as to dominate the whole field of commercial and industrial activity. After nearly forty years of its unjust and unequal rapacity, it now hides itself behind the trusts and monopolies of the land as behind the breastwork its own iniquities have erected. It is perhaps not desirable and is practically impossible to destroy this vast and dangerous class of artificial citizenship in the shape of private corporations, but it is assuredly not only desirable but absolutely necessary to reduce them

to something like equality before the law of the individual and natural citizenship of the union.

Under our institutions these artificial persons or citizens are created by the states and not by the federal government. Therefore, the initiative must be taken by the states, and to accomplish any permanent or practical results there must be harmony and uniformity of action.

PROPOSES LEGISLATION.

The speaker then referred to the fact that the federal government has control over interstate commerce as emphasizing the need for united action, and said:

If we are asked along what lines this universal and uniform legislation shall be framed, then we unhesitatingly answer that it should be in the direction of limiting the purpose for which private corporations shall be chartered, so as to reduce their number, and by limiting also the amount of capital stock for which a company may be incorporated, so as to curtail their enormous power to amass undue wealth and exercise despotic control over the commerce, industry, and policies of the nation.

But the burden of this great work cannot and ought not to be thrown entirely upon the states. We believe that the federal government both can and should assume the initiative in the movement to suppress and restrain these great corporate monopolies. The methods suggested may appear radical and revolutionary to some, but the time has come when the country must face the crisis and solve it conscientiously, courageously, and completely, unless we are to surrender those principles for which the union was formed and without which it is not worth preserving. If government of the people, by the people, and for the people is to continue in this republic, then we must place national righteousness above national wealth, ethics above economics, political principle above pecuniary profit, the constitution above the commerce of the country. To do these things requires a courage and constancy never before demanded by any crisis that has risen in the history of the nation.

Texas will make good her right to wear the heritage

of her illustrious past, and will be found standing by the side of all the states in the endeavor to rescue the labor and enterprise and freedom of our whole country from the paralytic grasp of monopoly and greed.

ARE THE NEW COMBINATIONS DANGEROUS?

JOHN GRAHAM BROOKS.

Professor John Graham Brooks, lecturer on social economics, University of Chicago, followed Mr. Wooten upon the platform. He said:

It is our misfortune that no opinion upon the so-called trust has at present much value. The movement is too new. It is too vast. It is too undeveloped.

The instinct toward still vaster and more compact organization is everywhere asserting itself, and men are frightened, as they were a century ago by the movement toward corporations. Are these signs that the monster is dangerous to the commonwealth? It would be simple-minded to answer by an unqualified yes or no. We do not say a corporation is good or bad until we know what the corporation is or does. If the business is properly safeguarded the corporation renders a social service as essential as the college. The supreme question that confronts us is that of possible regulation.

This discussion, if it is to help us, has to assume one momentous fact—viz.; the pitiful lack of anything like adequate organization over large areas of industrial life. Great primary industries—coal and clothing, for instance —are in a state so chaotic as to affront our intelligence. The extreme clumsiness of organization, both in production and distribution, has thus far had no reaching investigation. One gets a hint of it when one sees at a single hotel in a small city five drummers competing against each other in selling the same product.

Mr. Brooks referred, in this connection, to the criti-

cism of the chairman of the Interstate Commerce commission on the management of railways, and used his own language in support of the charge that the great interests of the country were being constantly demoralized by reckless and improvident handling. He also quoted the language of a prominent insurance man to show the condition to which unregulated competition has brought the insurance business. Continuing, Mr. Brooks said:

LACK OF METHOD IN GREAT INDUSTRIES.

As many different milk concerns as there are houses have come, at the same time, to the avenue in which I live. This has long been the stock illustration of crude and preposterous lack of method, but the slightest study in detail shows that scores of our great industries have crudities almost grotesque. To the extent that these charges are true I submit that the time is at hand for some kind of wide, thorough, and effective organization.

The so-called trusts cannot be stopped. I believe it to be the beginning of practical sense to understand that the new combinations can in no sense be permanently smashed. The party which proposes to do this, in the sense of absolutely checking them, will have plenty of leisure to regret it.

The real problem, immediate and imperious, is how to regulate and guide the new force that stands merely for the latest stage of industrial growth. If the combinations are to work for public as well as for private good, three things must be brought about: Absolute publicity of methods and accounts; every artificial advantage given by the tariff must be removed; and railroad discriminations shall not be allowed to these combinations.

There is probably no difficulty more desperate than preventing discrimination. No one but a Socialist can solve it with gay and final confidence. But whatever the future may have in store, we are not yet ready for state control of railways. For the immediate future, a decade or two, the best intelligence must go to this especial evil of railroad discrimination. The trust plus special railroad favors can never be other than a danger

because it makes directly for that wider economic inequality that is already peril enough.

I therefore assume that no answer is possible to my subject, "Are the New Combinations Dangerous?" unless that measure of control is secured which is represented by complete publicity, removal of tariff privileges, and the ending of special railway favors. I should defend this opinion not upon theoretical grounds but upon such practical experience as one may observe already on the field of the new combinations.

As an illustration of the practical working of the three conditions named upon a trust, Mr. Brooks cited the furniture trust in England, founded by E. J. Smith. The speaker said that, with all three conditions practically fulfilled, the furniture was not in politics, asked no favors from either railroads or tariff, had checked a mere reckless and ruinous competition, and was sharing its profits with the workmen. Mr. Brooks continued as follows:

OVERCAPITALIZATION CAN BE CHECKED.

Given an absolute publicity of facts and the one dominating danger, overcapitalization, is already half met. If the trust movement spreads, as now seems likely, by far the larger part will go to the wall from sheer speculative bravado. The people, meanwhile, will be rapidly educated, and, above all, the banks will be swift to learn the lesson and refuse to underwrite if the venture is too imprudent in its risks. Only those trusts will survive that are prudently organized, and deal with a product which lends itself to the conditions imposed by the new combination.

The coming contest in our municipalities is, accurately, this: Who is to control the vast machinery, such as lighting and transportation? This has come to be the deepest struggle in trade unionism. Socialism itself cannot be better defined than by its attitude toward machinery.

Another period for necessary reorganization is upon us. The mechanism for this is the yet more stupendous combination we are considering. It will do precisely what the great machinery has always done—create profound

temporary disturbance. It will shut hundreds of offices and drop thousands who were working on the displaced machines. But, meantime, the new work has to be done under new forms, and when the readjustment comes more men and not fewer will be required to do it. There is now the most absolute proof that the growth of industrial machines is putting to work a larger and larger proportion of the people of the United States.

The new combinations that survive are not likely to act differently in this respect from the weaker corporations which preceded them. Again, it is said they will corner things generally, put up prices, and prevent the consumer from getting the advantage of the economics made, as we are told is the case with nails, glass, tinplate, etc. I will not deny the danger, but I beg to submit one observation from industrial history: Whenever a great change has come in economic evolution, there is naturally extreme danger connected with the new undertaking, because traditional methods cannot be depended upon. The dangers of disaster are extreme, and only men of great boldness come to the front. It is this type of man that has caught the wave as it rose and made enormous profits. Human wit has never yet prevented this, and it is more than doubted if it would be well to do it if we could.

Mr. Brooks here alluded to the risks that were taken by the farsighted and courageous business-men when the new organization of the factory began. He cited the fact that in England, during the formation period, profits of 200, 300, and 400 per cent were not uncommon, and argued that nothing could prevent men from venturing into a field where such large returns were to be had through organization. The public would also come in for its share of the advantages of the coming organizations. In conclusion Mr. Brooks said:

"UNIVERSAL ECONOMIC INDEPENDENCE."

When competition has reached such terrible limits as it now has in many phases of making and distributing wealth, it is, according to our mood, the climax of humor or pathos to talk too loudly of universal economic independence. As all may observe, it is for a large percentage

of small business-men a most haphazard and tottering independence. It is this helter-skelter condition that we have to compare with what the new combinations will eventually bring about.

Once more, it is said of the trusts "they will raise havoc with our politics." That this is a far graver peril than any economic one is too clear. Recognizing the magnitude of this danger and with no desire to minimize it, I express this hope: The trust that stays will bring the ablest men to the front. They will soon have to carry on business in an atmosphere of public opinion thoroughly alert and aroused upon these issues. It appears to me unlikely that men of first ability will so fail in tact as to disregard and affront an alarmed, suspicious, and powerful public opinion.

A HOPEFUL COURSE OF PROCEDURE.

WILLIAM FORTUNE.

Professor Brooks was followed by William Fortune, president of the Indiana State Board of Commerce. He said in part:

It will be folly to undertake reckless warfare for the annihilation of trusts, but the claws of the monster, if that it be, can be cut, and, under the restraining influences of good regulations, this Behemoth, biggest born of commerce, may become a docile, harmless, and really amiable family pet.

This humanitarian cry against the individual hardships of trusts, however distressing it may be and however much it may appeal to sympathy, will not be more effectual than has been the outcry for the same reason against labor-saving machinery and methods. Economic operation is in itself an inexorable law.

The danger now most gravely apprehended is not that labor will suffer, but that aggregated capital will drive out of competitive channels the weaker capital, and that commercial monopoly will result in oppression of multitudes

of consumers who have no share in the benefits of combinations. The defensive power of labor, wisely directed through organization, is strong enough to compel capital to accord to it the share due it.

It is the right of society to know if this new-born creature of conditions is humanity's offspring or is a coiled serpent. We know enough now to make it clear that the first steps should be in the direction of regulation and study of the developments of the problem. Though the promise be less, the results will be quicker than the uncertain realization of Utopian hopes or radical demands.

OPPOSED TO TRUSTS.

GOV. G. W. ATKINSON, OF WEST VIRGINIA.

The first speaker of the evening session of the first day was Gov. Atkinson, of West Virginia. He spoke as follows:

Mr. President and Gentlemen of the Convention: This gathering is to consider the relations of our citizens to one another as citizens, and to consider the best methods to be used to protect the masses from the encroachments of combines and trusts, for it seems that this is a period favorable to the organization of such combines all over the civilized world.

I believe in progression. In this respect, I am an evolutionist. I believe that the world ought to grow, and that men ought to grow with it. Some sorts of combines are, I think, economic necessities. The great manufacturing establishments of the world, covering all branches of industry, had small beginnings; and we, in a large measure, owe the progress we have made to men of means who combined or united into what we call "corporations."

Nevertheless, we have thousands and tens of thousands of people who seem to hate them, and fight them, notwithstanding the fact that they secure from such concerns reasonable compensation for their toil, and by means of

which they obtain the necessary means with which they support their families.

FRIEND AND BACKER OF CORPORATIONS.

With this class of people I have no sympathy. A corporation, properly conducted, is entitled to as much sympathy, support, and respect as an individual, because a corporation in law is an individual. I wish, therefore, to be written down as a friend and backer of corporations because no state can be developed without them. When I hear men in politics and elsewhere whining the demagogue cry "Down with corporations," I am ready to join the crowd of enterprising people who will cry, "Down with that class of malcontents and demagogues!" I am not an optimist, per se, nor am I a pessimist. I have no sympathy for anyone who puts in his time whining against capital. We unfortunately, however, have too many of this class of croakers. What we need is more capital in legitimate business undertakings. We must have men everywhere who will invest their money in building up and opening up the industries of all of our states.

ARBITRATION FOR CAPITAL AND LABOR.

Now, I take it, that all present understand how I feel toward capitalists and toward corporations which always represent capital and capitalists. The next point to which I desire briefly to allude is the labor problem. I am now and always have been a staunch friend of the toiling masses. I stand for the working man, because he alone produces wealth. Labor and capital are interdependent. The laboring men have the same right to organize for their advancement and protection as have the capitalists. So long as the laboring man does his duty, and keeps within the limits of the law, he will have my sympathy and support. But I have never yet favored a strike or a lockout so long as it was possible to prevent it by just and friendly arbitration; and I have never yet known a strike or a lockout, in all my experience and observation, that did not result in injury to both labor and capital. Therefore, Mr. Chairman, I favor arbitration to settle all disputed problems between capital and labor.

REMEDY IS IN LEGISLATION, NOT POLITICS.

In all my public and private acts in the past my musket has been pointed against trusts, and if I know myself to-day it is still pointing the same way. I find about as many Democrats in trusts in the United States as Republicans, and I find at least two of the mammoth trusts of this country are in a sense Democratic trusts. Therefore I conclude we cannot choke them out by drawing political lines upon them. We must come nearer home, for a remedy than that. We must hit at its tap root by a national and state legislation, by making it a penal offense against good government for men of great wealth to combine for the sole purpose of stifling and choking middle men and small dealers, as trusts have generally done in the past. Or, better still, if the trusts would take their employes into their combines and their confidence, and, after paying themselves a reasonable dividend on the actual amount of capital stock invested, then agree to distribute a reasonable share of the profits among the skilled artisans whom they employ as a percentage or profit upon their wages, the trusts would then be placed upon an honest, popular, and reasonable foundation, and no one could complain or justly oppose them. I can see no reason why such an experiment might not be made by employers, nor can I see why it would not succeed. So long as the trust stands as it is to-day, that long it will be antagonized by the masses, and it therefore cannot be enduring, nor can it result as a permanent, profitable investment for the stockholders, or the mechanics, or the people in general.

REASONS TRUSTS ARE WRONG.

It may not be wrong that a number of factories in a particular industry, which have been competing with one another in a particular line of production, agree to unite for a common purpose, consenting to not fight one another, and purposing to furnish a particular article of manufacture to the consumer at a specific price. Indeed, it appears to be right on its face, but it may be wrong, forever wrong, and usually is wrong, as I see it, for two reasons:

First—This combine can and will—if it is looking out for its own interests alone—increase the price of its product to the consumer and at the same time reduce the wages of its employes.

Second—Every small manufacturer engaged in that particular industry will either have to quit business or join "the combine." But the combine will doubtless say in reply that the small manufacturer can himself join the trust, or keep on as he is then doing, if he likes. How, I ask, can he continue his business successfully if all his competitors in the same line of production have combined against him? They can and will, for the purpose of "freezing him out," cut prices until he has "to squeal and throw up the sponge," and then the combine has its own way and can fix its own prices, and it usually does. In cases of this sort the small dealer succumbs and the combine fixes its own prices and the people are compelled to submit.

If the advocates of and participants in the trusts could satisfy the minds of the masses upon the following propositions they would then have only a limited proposition in the years to come: Will you and can you in all cases, as you claim, agree to furnish a better and cheaper article to consumers of all the necessaries of life covered by your trusts and combines? What do you propose to do with the tens of thousands of middle men now employed, who must lose their present positions? What will become of the small dealers scattered over our country?

It is not my purpose or desire to block any avenue to the progress and development of my country, but it is my purpose and desire to do anything and everything I can to aid the working man to earn an honest livelihood for himself and those dependent upon him in the ever existing scuffle between man and man to live and to let live, which has been going on from Adam down to McKinley.

TRUST DEBTS MUST BE PLACED.

C. E. CROW.

Governor Atkinson was followed by Hon. C. E. Crow, Attorney General of Missouri, who presented the benefit that would come from attaching the liabilities of partnership to the members of trust corporations. This would keep down speculation and deter millionaires from entering into such corporations. If the trading business corporation must exist he advocated enaction of laws by the states declaring members of the corporations responsible to the same extent as members of a copartnership.

At the commencement of the history of the business world, the individual was the basis of all business. It early became evident that associations of individuals, combining their capital and efforts, would be advantageous in a business way, and this gave rise to the association of individuals into partnership. As partners, each individual was compelled to respond with his private fortune for any liability of the partnership. Still later, associations of individuals were formed to do a private business as a trading corporation, giving each shareholder a share in the profits made possible by unsafe speculation, with the absolute guarantee of no liability beyond the amount of his stock.

The corporation risks nothing but the capital employed. Its field is as wide as civilization, and it is not dissolved even by the death of its members. This distinction in liability of the individuals must be borne in mind in dealing with the modern trust question from a legal standpoint. The perfect modern trust to-day takes the shape of a corporation to which is conveyed the business of the various individuals and corporations, the members assuming no liability beyond the amount of their shareholdings. Therefore it is plain to be seen that the in-

centive of corporate trust creations has ever been and ever will be to secure the greatest opportunity for profit with the least amount of liability to loss. A private corporation is purely a creature of law.

LIMIT OF ACTION AGAINST TRUSTS.

If the trust organizers could carry on their business through corporations with the liabilities of a partnership, the members of the trust would have the same opportunities and equal liabilities with the individual competitor. Equality of opportunity and responsibility, instead of special privilege, would exist. State statutes give a right of action in many instances for damages against trusts injuring competition in efforts to control the market, but where the trust is a corporation, with the present liability attaching thereto, the action can only be against the corporate entity itself.

But suppose the corporation and the members thereof had attached to them the liabilities of the partnership. Then the right of action would be against not only the corporation but each individual member of the corporation. This fact would deter millionaires from becoming members of trade combinations, make men cautious, and keep down inflation of values and wild speculation. The control of a corporation is easy because it depends upon a mere matter of dollars to buy a majority of stock and not the individual will of the shareholders. One man may control the majority of the stock, although there may be an hundred stockholders.

TRUSTS HURT SALESMEN.

P. E. DOWE.

P. E. Dowe, president of the Commercial Travelers' National league, spoke from the point of view of the commercial travelers, showing that they had been the earliest victims of a business situation brought about by trusts. He said:

I have gone on record as opposed to trade combines, otherwise trusts, for specific reasons. I also have been interested in other matters pertaining to the privileges of the people generally, and commercial travelers particularly, and a participant in contests to protect the rights of the people from infringement by unjust laws. It was not until I had been elected president of the Commercial Travelers' National league in 1897, however, that it dawned upon me that the commercial men were to be made the first victims of the situation; yet at that time I had but an imperfect conception of the great magnitude of the trust movement, and must confess that it was not until the last half of the year 1898 that I fully realized the danger and extent of the centralization of capital and the monopolizing of commodities.

TRAVELING MEN LOSE THEIR PLACES.

Reports began to reach me of first-class salesmen being dispensed with for no reason other than the fact that trusts, "conceived of greed, born of dishonesty, and cradled in the lap of injustice," had assumed the octopus form and taken within far reaching tentacles all, or nearly all, the concerns in specific lines of trade, and were sucking the life from fair and honest competition. Trust manipulation for the purposes of controlling a particular line and fixing the prices and quality of its commodities meant that the traveling salesman must go—aye, "go," anywhere, to heaven or the other place, for aught the trust magnates care.

Mr. Dowe then discussed the magnitude of the trust problems. The purpose of his paper he declared to be to demonstrate trusts are considered as "an abominable curse" by the people.

GROWTH OF THE TRUSTS.

Previous to 1895, he said, nearly 600 trusts were projected, and to include a great variety of commodities; several of these trade combinations failed to materialize, some disintegrated; but the processes for the centralization of capital and power continued, combination and re-combination going on, till in March last there were

between 350 and 360 combines, yet their capitalization was billions more than the capitalization of the 600 trusts of 1894 and before. To-day my list shows 425 trusts.

The number of business concerns absorbed by the gradual and systematic efforts to obtain control of the markets and highways figures 5,565, say 5,600 in round numbers, exclusive of the grape growers, lake vessels and dredges, milk dealers and farmers, milk combines; also insurance, telephone and telegraph, railroads and street railways, electric light, gas, ice, water, and steamship trusts. I will assume for argument that the capital will average for each concern not more than $200,000, or, for 5,565 concerns, $1,113,000,000, about an eight to one ratio of valuation for speculative purposes.

What if the trusts win? "The whole machinery of independence as we have known it heretofore in this country is entirely gone, and man, whatever his prospects might have been, is absolutely at the mercy of the trust. It must feed him, clothe him, shelter him, and educate him, as will serve its interests."

The remedy for the plague of trusts, now epidemic, I have not discussed, the purpose of my paper being to demonstrate that trusts are considered as an abominable curse by the people. I speak for the commercial travelers especially and for the people generally in opposition to trade combines, for the commercial men have felt the pulse of the people as could no other class.

COMPETITION FOSTERED BY TRUSTS.

FRANCIS B. THURBER.

Francis B. Thurber, representing the New York Board of Trade, was strong in defense of combinations of capital. He said the right to combine had been exercised through all time. He blamed existing criticism to "sudden development and sensational journalism." He told of what he considered unjust legislation, national and state, against capital, and laid particular stress on the Texas law. He

said he used to be a foe of trusts, but had grown to see the equality of their claims. He said competition was fostered by trusts, not crushed, and as an instance he cited the sugar war waged by the Arbuckles. In conclusion he said:

It is overlooked that corporations are really coöperations; that the number of partners as stockholders in any industry is increased; that any one can become a partner, and that instead of being concentrators of wealth, they are distributers of wealth. It has been assumed that labor would be oppressed by the organization of capital, but experience has shown that organized labor has met organized capital, and that the largest organizations of capital have furnished the steadiest employment and have paid larger wages than individual employers.

The grievances of individuals injured in this evolution of industries have been magnified and the general good minimized. The lesson of the stage driver thrown out of work by the locomotive, or the workman by the machine, is forgotten when the traveling salesman who loses his job through the economies of industrial organization appeals to public sympathy. That wider markets are necessary and that large capital intelligently administered is necessary to find them, is not appreciated. That "rule of reason," as expressed by the minority of the Supreme Court, is in danger of being expunged from our statutes.

Within the limits of a paper like this it is of course impossible to do more than speak suggestively and touch upon but few of the many points involved, but I have faith that with further study of this subject by the American people the facts will become plainer and they will appreciate that

"Through the ages one increasing purpose runs,
And the thoughts of men are widened by the process of the suns."

LIMITATIONS OF COMPETITION AND COMBINATION.

JOSEPH NIMMO, JR., LL. D.

The first day's session was closed by Joseph Nimmo, Jr., of Washington. He spoke upon "The Limitation of Competition and of Combination as Illustrated in the Regulation of the Railroads." He said, in part:

In the excitement attending every epochal period and every popular movement for the correction of real or fancied evils remedies essentially revolutionary and destructive in character are apt to be proposed. Such will inevitably be the case, as attempts are being made to settle that great question the consideration of which has called together from all parts of the United States this convocation of men of learning and of large practical experience.

The specific question presented for our consideration is that of "trusts," as the word, by a process of misuse, has come to have significance in the public mind. The real issue relates to the manner in which and the extent to which the recent movement toward the restraint of competition, through combination or through the power of aggregated capital, in individual or in corporate hands, should be limited or controlled by governmental authority. This question presents itself under a great variety of forms from the fact that there are many kinds of combinations, agreements, and co-operative arrangements differing widely in their nature and scope and in their constraining influence upon competition. In many instances argument is confused by the indiscriminate use of the term combination to express different forms of associated effort. This should be carefully guarded against.

Mr. Nimmo took up in detail the evolved law of the American railroad system, the interstate commerce law,

attempts of the interstate commerce commission to gain additional powers, the usurpation of power by the commission, expedients and methods by which the commission proposes to accomplish its purposes.

REVIEW OF THE FIRST DAY'S SESSION.

DR. ALBERT SHAW.

Editor of "Review of Reviews."

It seems to me the opening day of the conference on combinations and trusts justifies the attempt of the Civic federation to bring together men from all parts of the country to exchange views on the most extraordinary and significant changes in business conditions that have been witnessed for a hundred years. Different shades of opinion are well represented, and a certain feeling on the part of the more extreme men of diametrically opposite views that one side or the other might endeavor to control the conference and limit freedom of discussion was entirely dispelled by the events of the day.

There was evident determination in the morning session to make sure that no cut and dried program should be forced upon the conference. The Chicago committee, on its part, was more than willing to allow the conference to arrange its program to suit itself. The slight danger of some radical difference of opinion respecting organization was happily obviated by mutual concessions, and by evening it was perfectly clear that every point of view was going to have a fair chance. The selection of a permanent chairman was appropriate and satisfactory. Judge Howe of New Orleans will deal fairly with all sections and will preside with dignity and efficiency.

The best results of the conference will perhaps be found in the more informal contact of the representatives from different sections.

The academic element in the conference is evidently go-

ing to be exceptional on many accounts. Among the delegates are a number of the most distinguished professors of political economy and students of industrial and social conditions that this country has produced. Among these men are Professor Adams of Ann Arbor, Professor Folwell of Minnesota, Professor Jenks of Cornell, Professor Clark of Columbia University, N. Y.; Professor Ely of the University of Wisconsin, Professor John Graham Brooks, and a number of others.

This professional element in general might be said to believe that the combination of capital is a legitimate and necessary modern tendency, and that it is no more possible to smash the trusts than to interfere with the movement of the heavenly bodies; but, on the other hand, it is clearly their opinion that there is pressing need for radical reforms in corporation law, that great publicity in the management of large corporations is necessary, and that various regulations for the protection of industries on the one hand and the consumers on the other are pressing needs.

A considerable portion of the labor element represented in the conference is also friendly to trusts, provided the trusts recognize what they call just claims of organized labor.

The discussions of the first day have been devoted, in the main, to what may be called definitions and general reflections. The work of the conference will become more practical when it deals, as it will on the following days, with practical remedies for those phases of the trust movement that are decidedly objectionable.

There is undoubtedly an extremely remarkable array of representative American ability in the conference, and upon the whole it is only fair to say that all elements show a high degree of sincerity and patriotism. The conference will have been useful if it succeeds in helping to put the great discussion which must be carried on in the press and on the platform for a good while to come upon sound, discriminating lines.

ALBERT SHAW.

PROFESSOR COMMONS' VIEW.

Professor John R. Commons, of the Bureau of Economic Research, New York, made the following comment upon the first day's work:

The first day's session of the trust conference is bewildering and unsettling. Professor Jenks gave us a clear-cut statement of what each side claims. He laid out a program of discussion, and it is a pity that the program is not to be followed point by point. These set papers, where each man covers the whole field, are good enough for the first day, but they elude the critical points. If we could have open discussions and one session given wholly to overcapitalization, another to railroad discriminations, another to the tariff and patents, another to middlemen, another to laborers, another to consumers and prices, with speakers pro and con for each session, then we could begin to clear the brush and see the light. The issues would be squarely made and fought out.

As it is, the first day was valuable as a study of social types. There was Governor Atkinson with the politician's buncombe, who told us nothing. He was the "friend" of capital and labor, but of "offensive" capital or labor, whatever that may be.

The man from Texas came the nearest to that sturdy American independence that unloaded the tea in Boston harbor for principle's sake. He knows the history of his country and is true to its traditions. Equality, justice, individualism are his, even though they cost more money. He sees clearly how corporations, these fictitious, intangible persons created by law, were unknown to the fathers, and how the constitution which they framed to protect "natural" persons of blood and flesh has been diverted to protect these artificial persons. Eloquently he declared that this nation could not survive "half natural citizenship

and half artificial citizenship." He gave us the farmer's view—the American farmer, not the peasant—and he is one-half the people.

But Professor Brooks was right in his criticism. That old Americanism is out of date. The trust, or some kind of consolidation of business, is being forced upon us by the struggle for survival.

This is not the view of Professor Henry C. Adams, whose paper was the keenest and wisest of the day. It should be clipped, and saved, and studied. Railway discriminations, inadequacy of state laws, the new view of corporations as individual property rather than an arm of the state, as of old, appeared to him to be the causes of the manufacturing monopoly. The remedy is publicity under federal control.

We have not heard the trust defenders. It behooves them to show that Adams is wrong and that the manufacturing trust is as natural, inevitable, and impregnable as the railway monopoly. JOHN R. COMMONS.

SECOND DAY.

TRUSTS AND THE TARIFF.

LAWRENCE PURDY.

The second day of the Conference opened with a discussion of tariff in its relations to trusts. Mr. Lawrence Purdy of the New York Tariff Reform League was the first speaker. He said:

Everyone is familiar with the attempt to foster and maintain competition in the supplying of gas and electricity and in the carriage of passengers and goods on railways, and the result has been the merging of competing lines or some combination between them to maintain prices and divide the business.

The difference of opinion which now exists as to the manner in which natural monopolies such as these should be treated is a difference of degree rather than a difference of kind. The opinion is practically unanimous that there must be some governmental regulations and supervisions, and more and more are coming to the conclusion that governmental regulation should extend to the point of absolute ownership and operation.

It is the combination of concerns which are naturally competitive, and such combinations as establish a partial or complete monopoly, which I wish to discuss.

I do not contend that the only cause for combinations which restrain trade is the tariff, but the tariff does foster and assist in maintaining such combinations. The tariff is under the control of the federal government, the abolition of duties upon articles produced by trusts is easy, immediate and effective. When this special privilege is

withdrawn we will then be in a better position to do what further may be necessary.

I believe we have passed the point where any objection can be raised to the abolition of protective duties on the ground that they sustain or raise wages. Years ago we had the testimony of Mr. Evarts and Mr. Blaine that American labor was the cheapest in the world, and received the smallest share of its own product. We have grown great in manufacturing because we have the most skilled labor and the best material with which to work. The truth is that the tariff, by shutting out foreign competition, enables the trusts to shut down domestic factories, employ less labor and thereby reduce wages. Mills make money by shutting down instead of by the production of goods.

It is sometimes said: "Law made trusts and law can unmake them." I believe this is absolutely true, but I think it commonly conveys a wrong impression. Law has made trusts by conferring special privileges, and those privileges can be abolished. The chief privilege and the one most easily reached is the tariff. Let no one imagine that corporations, which are creatures of law, are the only trusts, for secret agreements between individuals have been effective to control supply and raise prices without a single corporation being involved.

The doctrine of "Laissez faire" has been much abused and it is common to hear that it has failed. It has never yet been tried. It does not mean "Let things alone as they are," but "Clear the road and let them alone." Clear away every special privilege. Then and not till then can we know whether any restriction is necessary. While special privileges remain, attempts to restrain combination will be futile.

Trusts have little dread of statute law which the court will take years to interpret. They fear the repeal of privilege, and "Repeal" should be the battle cry of those who believe in equal rights before the law.

THE TARIFF THE MOTHER OF TRUSTS.

BYRON W. HOLT.

The next speaker was Byron W. Holt of the New York Free Traders' League. He said:

When H. O. Havemeyer last June startled the country with the declaration before the industrial commission that the mother of all trusts is the customs tariff bill, he came so near telling the truth that the protectionist organs of the country immediately began calling him names and saying "sour grapes," and the organ of the Protective Tariff League is still devoting a large portion of its space to the wicked, traitorous Havemeyer. If he had said that special privileges, of which the tariff is foremost, are the mother of trusts, he would have been still nearer the truth.

That the tariff by shielding our manufacturers from foreign competition makes it easy for them to combine, to restrict production and to fix prices—up to the tariff limit—ought to be evident to every intelligent man. It ought also to be evident to all here that the greatest objection to trusts is due to their ability to raise prices above a normal, profit-producing point. That the trusts raise prices whenever possible to what they consider the maximum profit point is certain. It is asserted by the trusts' advocates that trusts can produce more cheaply than individual firms, and that they have lowered prices. It may be true that trusts usually produce more cheaply, but it is certainly not true that they have lowered prices. Out of 400 trusts which I have enumerated I do not believe ten have lowered prices. In fact, I know of only one or two, and these have lowered the quality of the product. In nine cases out of ten trusts have raised prices—often more than 50 per cent. That much of the present rise in prices is due to general economic conditions is probably true. On

the other hand, it is just as true that, had there been no tariff duties, the rise in prices would neither have been so general nor so great. The trusts have taken full advantage of the powers and special privileges derived from their tariff partner—the government. Congress should speedily dissolve this iniquitous partnership.

IN TIN PLATE INDUSTRY.

If there is one industry more than any other to which the protectionists have always "pointed with pride," it is the American tin plate industry. There are two points of view—that of the manufacturer and that of the consumer. To the manufacturer everything looks lovely. He asked to have 2 1-5 cents a pound duty added to the price of imported tin plate until he could experiment to see if he could make it at a profit at about double the price of foreign tin plate. McKinley granted the request, and the experiment began and was rendered successful largely through the aid of cheap iron and steel from 1893 to 1898. The profits of the tin plate manufacturers were great, and by 1897 we were making half the plates consumed in this country.

In 1897 the duty was gratuitously raised to 1½ cents a pound, and by 1898 the great profits of the business had increased the number of tin plate plants to about forty and the number of mills to about 280, and few plates were imported, and internal competition had so lowered prices that our manufacturers were not reaping the full benefit of the duties levied especially for their benefit. This situation worried the manufacturers, and they formed a compact, air-tight monopoly, which is a credit to its mother—the tariff. To make certain that they would be able to hold prices up to the Dingley duty limit they formed five-year contracts with the producers of tin plate which practically prevents others from starting in the business during this period. They also obtained control of the principal raw material, thus further preventing outside competition, so there is practically no competition at present, nor is there likely to be while the present duty is in force. The plants and mills in this trust are worth about $12,000,000, and the trust is capitalized at $50,000,000, on which big dividends will probably be paid.

PICTURE BEFORE CONSUMER.

The consumer sees a different picture. He saw prices held up by duties until the tin-plate infant was full grown and capable of giving him cheap tin plate, and now he sees them held up by means of a monopoly and what he considers an iniquitous tariff. He is getting out of patience with the youngster, and threatens to cut off his supply of tariff food and let him shift for himself. The protectionists bravely tell us that the tin plate tax is paid by the foreigner, and that if we were not producing our own tin plate the Welsh trust would be charging us just as much as are our own manufacturers. The fact that prices went up under the McKinley duty, down under the Wilson duty and up again under the Dingley duty upsets the plausibility of this theory.

The only way in which tariff duties can benefit labor is through a double trust, composed of both manufacturers and their employes, and this has been formed only temporarily and in a few industries, notably in that of window glass. Even in this it is doubtful if the employes, as a whole, got much of the tariff benefits, as what they gained in higher wages was lost through lack of employment when mills were closed for the purpose of restricting production and raising prices.

Nearly all kinds of manufactured goods are sold at considerably reduced prices when for export. American bicycles, typewriters, sewing machines, and so forth sell in foreign countries at much less than in North America. To appreciate fully the beneficent effects of American tariffs and trusts you must be a foreigner.

The heart of the trust problem is in our tariff system of plunder. The quickest way and most certain way of reaching the evil of trusts is by the abolition of tariff duties. Let Congress take up the Dockery amendment to the Dingley bill, and if there is any likelihood that it will pass, the lobbies at Washington will be filled with trust directors and agents. Let a constitutional amendment be proposed and the trusts will take only a passing interest in the discussion. They care little for legislation or constitution, but they have a mortal fear of free trade.

TARIFF DOES NOT FAVOR TRUSTS.

JOHN F. SCANLAN.

The discussion of "tariff and trusts" was continued by John F. Scanlan, of Chicago. He said in part:

To charge the existence of trusts to protective tariff is as ridiculous as to charge them to the existence of human life; if there were no human life on this continent there would be no trusts, except the universal trust of death. Why not, then, charge the new creation of man's energy to the existence of original life, and not to one of the agents of industrial life—the tariff. I presume our free-trade friends feel that it would not serve the interests of foreign industries, hence they adopt the latest demagogue craze, with the hope of enlisting the unthinking by crying out: "The tariff is the mother of trusts."

If our free-trade friends mean that the tariff is the source of our great wealth and prosperity out of which has grown new conditions under which man's selfishness and cupidity combine to sidetrack the spirit of our government—the greatest good to the largest number—if they desire to pay to the tariff this creative compliment, I doff my hat to their wisdom and assert that were it not for the tariffs that held up the arm of the government in the dark days of the rebellion we would have no United States. During industrial panics—always brought on by changing our tariff laws—you will find that:

1. Our industries were suspended.
2. Labor was idle, rebellious and fed at soup-houses.
3. Great increase of commercial bankruptcy.
4. Government revenue less than expenditures.
5. Gold leaves the country in vast quantities.
6. Consuming power of the home market greatly reduced.

The return to the American system as regularly brings

about exactly reversed conditions in each item above quoted.

The speaker then referred to the trouble brought about by the failure of the old federation from 1783 to 1791 to provide means for the government to collect revenue, impose tariffs or encourage home industry and the constant increase of prosperity since the time the first protective tariff law was passed. The financial history of the country from 1800 to 1850 was outlined by the speaker in support of his argument.

In 1850 we numbered 23,000,000 inhabitants, were in the seventy-fifth year of our national freedom, had just secured control of the Pacific coast and in 1857 had dug out of the California mines $1,100,000,000. The soil was literally bursting with fruitfulness. It was the design of Providence to preserve the life of the nation, but man's unwisdom put it aside, and by 1866 almost every dollar of that gold had left the country. Free trade banished it. Our gold made England the clearing-house of the world, and the crime of the century was committed when, through free trade, we were deprived of the results of the rich conditions which existed here in the '50s. At the opening of the Civil war we had no ships, no money, no credit, no factories. During the war we equipped 2,778,304 soldiers, built 700 ships of war and expended $6,000,000,000. When we got through we were richer than when we commenced; were able to pay good wages to the soldiers and the former slaves, and to have the protective tariff to thank for these marvelous results.

A ten-line resolution passed by Congress in 1872 reducing tariff 10 per cent brought on the panic of 1873. The election of one of the political parties pledged to radical free trade brought on the panic of 1893.

From 1862 to 1892 this nation brought into existence more original wealth than the entire wealth of England, and more than enough of wealth to purchase all the lands, all the houses, ships and personal property of Germany. The bringing into existence of that vast sum in one generation, controlled by the American people, who are human like the rest of mankind, necessarily develops the spirit of Alexander, who looked for more worlds to conquer. To

be rich beyond precedent is a craze, a species of insanity; insanity is not held responsible by God or man, but it is subject to law. Give the American people limited time, and if trusts should prove to be against the interests of the majority the law will harness them to the people's interest, not by killing the poor that laid the golden eggs, but by regulating them.

The slave trust was the most rapacious, grasping combination this world ever saw, but the American people awakened and the slave trust went to the grave of the dead. Its very cost is the best argument that the people will not permit any combination on earth to interfere with the mission of the republic. The creators of trusts are establishing the most gigantic schools of socialism the world has ever known. If a few men can run all the industrial interests of the nation why cannot all the people?

Let us follow the example of Christ. Let us lash those out of the temples who would make them dens of thieves. Bring them within the law and let our fountains of perpetual wealth continue to flow from the industrial centers of our republic until the aroma of the results of our law, labor, confidence and happiness will attract the attention of other nations and induce them to do as our fathers did: establish "a government of the people, for the people and by the people."

TARIFF OR TRUSTS, WHICH?

HON. THOMAS UPDEGRAFF.

The tariff discussion was carried on by Congressman Updegraff, of Iowa. He said in part:

I am not going into a speech in defense of protection. That is too late. I draw the line there. If the last seven years' experience of the American people has not taught them better than the doctrines that have been read from this stand, God help the American people. The American people have read the lesson, and it is not to be forgotten, and whoever raises his voice now before an American audi-

ence in defense of free trade labors in vain. The head of the trust that is making more money out of the pockets of the people than any other trust was introduced as a witness, and the speaker says he testified on his conscience and honor that the tariff was the mother of trusts. I thought he was smarting a little with resentment because the protectionists had not given him enough in their last bill.

A monopolistic trust I am against. An aggregation of capital, however large, properly managed, I am for. I don't care whether the tariff is the mother of trusts or not. That don't touch the question. If the tariff be in any sense the mother of trusts, what will you do?

I will tell you what we will do; we will take care of the mother and save her; we will raise her children in the admonition and nurture of the Lord. That is the way to manage trusts. Why, bless my soul, my friends, you cannot have rich soil without weeds.

Don't kill the goose that lays the golden egg. Save the soil and kill the weeds. That there are abundant remedies and sufficient remedies by which these aggregations of capital can be controlled, and made subservient to the public good, I do not doubt; and whenever the American people in earnest say that that work shall be done, it will be done, and the trusts will be controlled, and we will save what is good in aggregations of capital and control what is bad.

have adopted criminal practices and are therefore amenable to the criminal laws. The trusts constitute a great danger to themselves in overcapitalization, big salaries and incompetent management. The address continued as follows:

The trust exemplifies in a broad field of action a condition which prevails in every cross-roads village throughout the civilized world, wherever one man through superior industry, skill, finesse or capital may have gained some advantages over his fellows. It is the highest expression of human selfishness as applied to business affairs. It is on a grand scale exactly the same thing that every man of enterprise is attempting on a smaller scale.

Unlawfully conducted the trust may undertake by conspiracy to restrict trade, to destroy competition and to limit production, but numberless corporations and individuals are doing some of these things all the time, and have been doing so for years. The same law which will prove sufficient if invoked against a disorderly vender of bananas who by main force drives away a competitor will be potential, if honestly enforced, to deal with every lawless combination of capital.

Before instituting prosecution, however, it will be well to consider with some seriousness the fact that business methods in this country, whether in trades unions or in combinations of capital, are not wholly idyllic. The man who undertakes to work when a trade union decrees that he shall not work is likely to have his head broken, unless society bravely and honestly comes to his defense, as it should.

The weak will suffer at the hands of lawless trusts in the same manner until society, through its proper agents, comes to their relief. Its failure to do so is due to the popular delusion that lawless trusts present a new phase of crime, whereas the new and novel feature that they present is the ability and the willingness to corrupt or to intimidate the people's servants. The lawless trust can be proceeded against as easily and as effectively as a lawless individual can be, and it would be so proceeded against were it not for its corrupt relations with politics and politicians.

Hence the problem to be considered in connection with

unlawful trusts and combinations is not so much one of undue and criminal financial energy as it is of deplorable popular and official weakness. As a result of the appeals of ignorant and crafty demagogues, who lightly assail all progress and all prosperity, and the wretched and despairing preachments of socialistic agitators, who find no remedy for any ill except in their own miserable process of leveling, too many Americans have lost sight of the fact that the first requisite in a well-ordered republic is a self-reliant, self-respecting citizenship.

It is not remarkable that we have lost some sturdiness of character of late, for we have pursued many false ideas as zealously as we formerly adhered to the wiser ones. Forty years of protective tariff legislative hypocrisy and deception have taught the average American that a wise man, before entering upon any important enterprise, secures a favoring law or privilege or franchise at the hands of government—local, state or federal.

The upholding of this doctrine has educated a generation of Americans to the belief that there is nothing discreditable in asking and accepting public assistance. Imitating our conspicuous public dependents, the tariff beneficiaries, we find in every walk of life that beggary is becoming a great profession, followed by a mighty host made up of every manner of men, women and children.

In addition to our pension roll of nearly 1,000,000 names, we have several millions of workingmen who, with their families, have been taught that except as government taxes all the people for the benefit of their employers they cannot hope for work or wages. We have also a propaganda of helplessness and imbecility carried on sometimes in the name of democracy, but oftener outside of its councils, which teaches hostility to all wealth and to individual enterprise, which informs the young falsely and maliciously that every avenue of promotion is closed to them and which offers no remedy for existing ills save the enfeebling and destructive ones which are to be found in socialism and anarchy.

Under such conditions who can wonder that every aggregation of capital, no matter how laudable, is viewed by many Americans with dissatisfaction and discontent, or

that defiant lawlessness on the part of some of the rich and powerful is everywhere helplessly ignored? To enforce any law public sentiment is needed. To maintain a republic in respectable form it is necessary that a majority of its citizens shall be self-sustaining men who scorn pauperism, who detest robbery of every description and who have sufficient intelligence and individuality to detect and repudiate the sophistry of socialism as well as to meet with proper rebuke the fiercer fanaticism of the revolutionists.

With a citizenship honestly and wisely inspired and officered there would be no more reason for holding a conference to consider how to deal with lawless trusts than there would be to assemble a mass meeting for the purpose of discussing the propriety of enforcing the laws against house-breaking. The lawful trust would be permitted to pursue its business unlimited as a matter of course.

The need of an invigorating tonic in American political, business and social life is very great. The want of it is felt on every hand where senseless agitation merely for the sake of agitation embitters the old and discourages the young, where the corrupting influence of the dishonest rich finds a ready response on the part of the vicious poor, where demagogues mislead the idle and careless and where designing men sow the seed of lawlessness and perhaps revolt.

There is need of some sturdy response to the numerous irresponsible spokesmen of calamity and slander who have the floor at all seasons and whose influence upon the thoughtless and inexperienced is far-reaching and dangerous. There is need in every section of the country of more hopeful, helpful and suggestive leadership and less of chronic and wholly useless lamentation.

PROTECTION OF GRAIN MARKETS.

S. H. GREELEY.

S. H. Greeley of Chicago was the first speaker. He spoke on "The Protection of American Grain Markets From Railroad and Warehouse Monopoly and the Encourage-

ment of Local and Terminal Competition for the Crops," and claimed the Chicago public warehouse combination's policy was to draw all grain to this city, to mix inferior grades with superior grades, to depress prices and hoard the nation's product of cereals, to the detriment of farmers and all other American markets. In conclusion he said:

The public warehouse monopoly was born in a railroad office. Railroads are the "mother of trusts," special rates of freight the food that prolongs their existence. I for one have no fears for the success of all enterprises of a commercial nature when our merchants can depend upon the same and equal terms in matters of transportation. If you scan briefly the pages of our national history and recall taxation without representation, imprisonment of American seamen, protection of commerce, human slavery and human liberty we may find a few parallels which suggest that there are signs in the times in which we live. The autocracy of the American railway furnishes an issue as great as any for which our forefathers considered it necessary to fight, but let us hope the wisdom of modern high ideals will solve this problem on the line of true Christian civilization.

FOREIGN MARKETS AND AMERICAN SHIPPING.

J. C. HANLEY.

J. C. Hanley of St. Paul, representing the National Farmers' Alliance and Industrial Union of America, came next. He spoke on "Foreign Markets and American Shipping, with Regard to Agriculture." He said trusts and combines would be blessings if conducted on strict competitive lines, but as now operated they constitute a menace to the nation's existence. He thought government ownership of transportation lines, telegraph and telephone systems, lands, mines, etc., the only solution. He favored government aid in building up trade in the Orient, saying:

Let us consider what can be done with an appropriation of $25,000,000 annually. Pay a bounty of $2 per ton on

all freight of American production and manufacture. This to apply on ships of 10,000 tons capacity, two of which could leave our shores daily 300 days each year, giving us 6,000,000 tons of American products carried in American ships to foreign markets. This would be $12,000,000. With the balance $13,000,000 we could establish permanent national exhibits of American products, which would assist in extending our trade in such countries.

AGRICULTURE AND TRUSTS.

AARON JONES.

Mr. Jones, of South Bend, Indiana, master of the National Grange, spoke in part as follows:

Every citizen of this republic should be free to use his labor as will best contribute to his benefit and happiness, not, however, infringing on the rights of any other citizen. The right to acquire, own, control and enjoy the use and income of property is an inalienable right that should be enjoyed by each individual, and governments are organized and laws enacted better to protect life, liberty and the ownership and use of property.

The tendency of the times is to concentrate business in the hands of a few. As the demand for concentration of business increased beyond individuals and partnerships, the law provided for the formation of corporations to conduct certain lines of business, and states granted them charters, with certain defined privileges. These corporations serve a useful purpose, but within the last two years the ambitions of men to acquire power and wealth rapidly have caused these corporations to be consolidated, one corporation being formed from many separate corporations in one or several states. It has been found that the increased power of these trusts has caused them to infringe on the rights of individuals, destroy the value of other property and deprive other individuals of the use of capital and their labor. So far as this has been done it is clearly against public policy.

It occurs to me that the first step to be taken in remedial legislation is for the Congress of the United States to pass a well-considered anti-trust law defining the powers and limiting the privileges of these corporations. And supplement this law by enactments of the several state legislatures to apply to such phases of the matter as could not be reached by the United States law. It would seem that these laws should provide for government and state inspection of the business of trusts, of their books, agreements, receipts and expenditures. This inspection should be rigid and full, and the rights of the public should be protected. If the corporations are conducting a legitimate business no injury will be done them by inspection. They are using the powers granted them by the state to crush other enterprises or for illegitimate political purposes. These practices are most reprehensible and should be punished by such penalties as will effectually stop them. These practices most seriously and injuriously affect the agricultural interests of our country, and they demand that national and state laws be passed which will prevent the injurious practices of trusts and combinations.

ANARCHISM AND TRUSTS.

BENJAMIN R. TUCKER.

The afternoon session was closed by Benjamin R. Tucker of New York. He said:

I take my stand on these propositions: That the right to coöperate is as unquestionable as the right to compete; that the right to compete involves the right to refrain from competition; that coöperation is often a method of competition, and that competition is always, in the larger view, a method of coöperation; that each is a legitimate, orderly, non-invasive exercise of the individual will, under the social law of equal liberty; and that any man or institution attempting to prohibit or restrict either, by legislative enactment or by any form of invasive force, is, insofar as

such man or institution may fairly be judged by such attempt, an enemy of the human race.

To assail, or control, or deny this form of coöperation on the ground that it is itself a denial of competition is an absurdity. The trust denies competition only by producing and selling more cheaply than those outside of the trust. In that sense every successful individual competitor also denies competition. And if the trust is to be suppressed for such denial of competition, then the competition in the name of which the trust is to be suppressed must itself be suppressed also. None of us has a right to deny competition.

Of the banking monopoly, the land monopoly, the tariff monopoly, and the patent and copyright monopoly, the injustice of all but the last named is manifest even to a child. For the fourth of these monopolies, however, sets up an analogy between the production of material things and the productions of abstractions; and on the strength of it declares that the manufacturer of mental products is a laborer worthy of his hire.

Perpetual property in ideas, which is the logical outcome of any theory of property in abstract things, had it been in force in the lifetime of the inventor of the Roman alphabet, would have made nearly all of the highly-civilized peoples of the earth to-day the virtual slaves of that inventor's heirs. It seems to me that this, which, in my view, is incontrovertible, is in itself sufficient to condemn property in ideas forever.

The most serious of these four monopolies is the money monopoly, and I believe that perfect freedom in finance alone would wipe out nearly all the trusts, or at least render them harmless. The money trust cannot be destroyed by the remonetization of silver. It can be abolished only by monetizing all wealth that has a market value—that is, by giving to all wealth the right of representation by currency, and to all currency the right to circulate wherever it can on its own merits.

Anarchy wants to call off the quacks and give liberty, nature's great cure-all, a chance to do its perfect work.

Free access to the world of matter, abolishing land monopoly; free access to the world of mind, abolishing idea

monopoly; free access to an untaxed and unprivileged market, abolishing tariff monopoly and money monopoly—secure these, and all the rest shall be added unto you. For liberty is the remedy of every social evil, and to Anarchy must the world look at last for any enduring guarantee of social order.

TRUSTS AND OUR NATIONAL LIFE AND CITIZENSHIP.

GOVERNOR H. S. PINGREE.

Governor Pingree of Michigan opened the debate in the evening with an address on "The Effect of Trusts Upon Our National Life and Citizenship." He was epigrammatic rather than argumentative, saying:

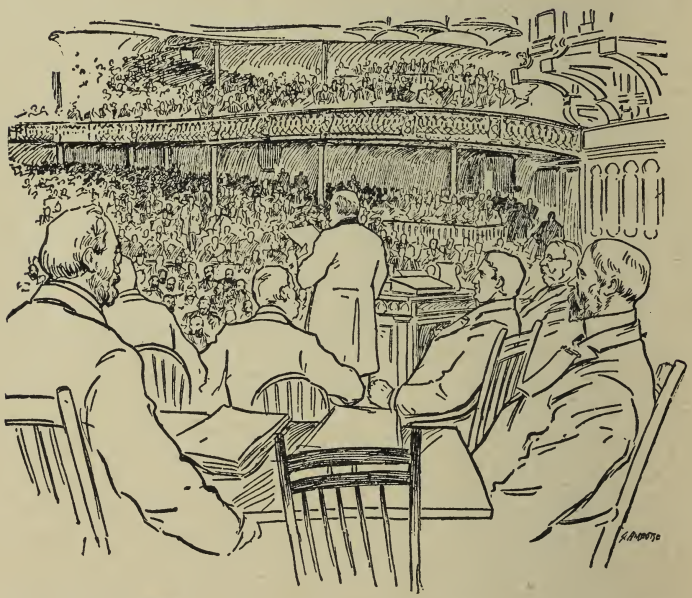
The trust is the forerunner, or rather the creator of industrial slavery.

In all that has been said about trusts, he said, scarcely a word has been written or spoken from the standpoint of their effect on society. In gathering material for the use of this conference the Civic federation sent out circulars containing, in all, sixty-nine questions. Those inquiries were addressed to trusts, wholesale dealers, commercial travelers' organizations, railroads, labor associations, contractors, manufacturers, economists, financiers, and public men. Only one of these sixty-nine questions related in any way to the effect of "trusts" upon society. I think that this is the most important consideration of all.

MONEY THE SOLE CONSIDERATION.

Everybody has been asking whether more money can be made by trusts than by small corporations and individuals —whether cost of production will be increased or decreased; whether investors will be benefited or injured; whether the financial system of the country will be endangered; whether we can better compete for the world's trade with large combinations or trusts; whether prices will be raised or lowered; whether men will be thrown out

SCENE IN THE TRUST CONFERENCE DURING GOV. PINGREE'S ADDRESS.



Ex-Governor Foster of Ohio.

Governor Pingree speaking.

—*From The Chicago Record.*

of employment; whether wages will be higher or lower; whether stricter economy can be enforced, and so on.

In other words, the only idea nowadays seems to be to find out how business or commerce will be affected by trusts. The almighty dollar is the sole consideration.

I believe that all these things are minor considerations. I think it is of far greater importance to inquire whether the control of the world's trade, or any of the other commercial advantages claimed for the trusts, are worth the price we pay for them.

Will it pay us, either as individuals or as a nation, to encourage trusts?

Instead of discussing the question from the standpoint of commercial gain, let us view it as patriots. I believe that a conference of this kind should not attempt to judge a question so important to our national welfare as this by the selfish standard of commercial greed. I think that loftier motives should rule us in this discussion.

CLASSES BASED ON WEALTH.

In this republic of ours we are fond of saying that there are no classes. In fact, we boast of it. We say that classes belong to monarchies, not to republics.

Nevertheless none of us can dispute the fact that our society is divided into classes, and well-defined ones, too. They are not distinguished by differences of social standing. That is, we have no aristocratic titles, no nobility. The distinction with us is based upon wealth. The man is rated by the property he owns. Our social and political leaders and speakers deny this. In doing so, however, they ignore actual conditions. They discuss what ought to be under our form of government—not what is.

The strength of our republic has always been in what is called our middle class. This is made up of manufacturers, jobbers, middlemen, retail and wholesale merchants, commercial travelers and business men generally. It would be little short of calamity to encourage any industrial development that would affect unfavorably this important class of our citizens. Close to them, as a strong element of our people, are the skilled mechanics and artisans. They are the sinew and strength of the nation.

STIMULUS TO AMBITION.

While the business of the country has been conducted by persons and firms, the skilled employe has held close and sympathetic relations with his employer. He has been something more than a mere machine. He has felt the stimulus and ambition which goes with equality of opportunity. These have contributed to make him a good citizen. Take away that stimulus and ambition and we lower the standard of our citizenship. Without good citizenship our national life is in danger.

It seems to me, therefore, that the vital consideration connected with this problem of the trust is its effect upon our middle class—the independent individual business man and the skilled artisan and mechanic. How does the trust affect them? It is admitted by the apologist for the trust that it makes it impossible for the individual or firm to do business on a small scale. It tends to concentrate the ownership and management of all lines of business activity into the hands of a very few. No one denies this.

KILLS INVENTIVE GENIUS.

A very select few may become heads of trusts, but such opportunities will be rare indeed. They will, therefore, be entirely useless as incentives to the ambition of the army of those employed by the trusts. As a result of the ceaseless and heartless grind of the trusts in the almost insane desire to control trade, ambition and perhaps inventive genius will be deadened and killed.

The trust is therefore the forerunnner, or rather the creator, of industrial slavery. The master is the trust manager or director. It is his duty to serve the soulless and nameless being called the stockholder. To the latter the dividend is more important than the happiness or the prosperity of any one. The slave is the former merchant and business man and the artisan and mechanic, who once cherished the hope that they might some time reach the happy position of independent ownership of a business.

TRUST MANAGER A FEUDAL BARON.

Commercial feudalism is the logical outcome of the trust. The trust manager is the feudal baron.

These may perhaps be harsh characterizations, but who can deny their truth? Honesty to ourselves and loyalty to our country and its free institutions compel us to face and recognize the situation.

We cannot be true to our republic by ignoring these things. We cannot be honest to the people, either at this conference or in our legislative assemblies, by confining our deliberations to the commercial advantages and disadvantages of the trust.

It is better to be forever poor, but independent and happy as individuals, than to lay the foundations for industrial tyranny and slavery. Personal liberty is rather to be chosen than great riches. Equality of opportunity to all men is better than the control of the world's trade.

The effect of the trust upon our national life and our citizenship will not be sudden, perhaps. It will rather be a silent and gradual change. It may not be observed at once, but its influence will nevertheless be felt.

WARNING MAY NOT BE HEEDED.

The warning with which the history of the decadence and downfall of other nations furnishes us may not be heeded now. If not, we may pay the usual penalty of slavery to commercial avarice and greed.

Increase of the wealth of the country is greatly to be desired, but if the people are to be degraded to industrial slavery, wealth under such conditions is a curse. If our independent and intelligent business men and artisans are to be crowded out of existence as a class by the trust, there is no remedy too drastic for the trust.

Some may think it too early to sound a note of warning of this kind, but the time to check an evil tendency is when it first shows itself.

IMMEDIATE ACTION NECESSARY.

We have given the private corporation "too much rope." Some say give it more rope and it will hang itself. In other words, they claim that the trust problem, if left alone, will work out its own solution. I do not believe in such a policy. There is too much at stake. The most important element of our citizenship is in the balance. We

cannot afford to sap the strength of our democracy in order to forward an experiment.

I favor complete and prompt annihilation of the trust—with due regard for property rights, of course.

I care more for the independence and manliness of the American citizen than for all the gold or silver in the world. It is better to cherish the happiness of the American home than to control the commerce of the globe.

The degrading process of the trust means much to the future of a republic founded upon democratic principles. A democratic republic cannot survive the disappearance of a democratic population.

TRUSTS HAVE COME TO STAY.

HON. CHARLES W. FOSTER.

Governor Pingree was followed by Hon. Charles W. Foster, of Ohio, who said in part:

The gentleman from Texas yesterday stated that his State had no industrial development, that it sold raw material and bought its supplies, as the reason for its fierce opposition to trusts. He also portrayed, as did the gentleman from Michigan before me, the superiority of manhood over money.

It strikes me that if the Texas people had sufficient enterprise to establish industries, to consume their cotton, wool and other raw material, their manhood would not deteriorate, their opposition to trusts would be less vehement, and they would have more money.

The evolution in business from the individual to the partnership, and from the partnership to the corporation, was no more natural and necessary than is the evolution from the corporation to the trust. Let us look the situation squarely in the face. Denounce it as we may, it has come to stay. Why? Because the gigantic business operations of the present and future cannot be carried on without it.

SAVES ENORMOUS WASTE.

Through the trust the enormous waste that is entailed upon business operations by competition is saved; the product and the service performed is cheapened; labor will have the better opportunity to enhance wages and shorten the hours of toil, as is so signally illustrated in the railroad service of the country. Through the trust the superior inventive genius of our people (because of universal education) will have improved opportunity.

Have no fear that the trusts will seriously impose upon the people in the prices that will have to be paid for their products. The germs of death are in them, and their only method to prevent an early demise is to avoid extortion.

It may be a debatable question whether the Standard Oil Company has been and is a blessing to the country. Certain it is, however, that it has developed an industry, in something more than thirty years, from practically nothing to an annual volume of perhaps more than $150,000,000, of which it retains about $25,000,000 and gives $125,000,000 to the people of the country. It has greatly lessened the cost of light; it is paying more than $100,000,000 annually for oil and labor, and pays its labor more than any other employees receive. It has added more than $1,000,000,000 to the wealth of the country and contributes $60,000,000 a year to our credit in its exports.

SHOULD BE CONTROLLED BY LAW.

But there are reasons for the control of trusts by law. Overcapitalization must be guarded against. A bureau of government or a board similar to the interstate commerce commission should be established, to which all trusts shall apply for license, after being incorporated, and to which reports as exhaustive as is required of the national banks should be made. The terms of the license should not be illiberal, but they certainly should provide against overcapitalization. All profits beyond 6 per cent should be taxed for the benefit of the government.

As probably the power does not exist in Congress to make the requirements suggested, it seems, then, that it is the plain duty of this conference to request Congress to

submit amendments to the constitution giving it necessary power not only to control the trusts, but, as the suggestion is made, to tax their profits; also to provide for an income tax.

FAVORS AN INCOME TAX.

It is evident that the country hereafter must rely upon internal taxation for revenue to support the government. An income tax is the most equitable form of taxation and can be paid with less hardship than any other.

It seems to me that as both those who oppose and those who favor trusts are in accord in favoring the assertion of a power strong enough to either destroy or regulate them, we ought to be able to get together on the proposition to amend the constitution of the United States. Certainly we ought to agree to an amendment prohibiting the use of tariff duties to enhance prices.

STATE CONTROL INSUFFICIENT.

I apprehend, but for the inherent support of the doctrine of state rights by our southern friends, the proposition would be readily agreed to. It is evident that the states acting independently cannot successfully deal with this great question. As the country expands the weakness of state control of great questions becomes more apparent, and the need of the use of federal power becomes greater.

The law of this country has been one of expansion and growth, and I may appropriately say that when we cease to grow our decline will begin. I believe the great mission designed by Providence for this country has only begun; that it will go on evangelizing and civilizing the world until all lands and all peoples will be in the full enjoyment of free institutions.

ARKANSAS LAW AS APPLIED TO TRUSTS.

HON. JEFFERSON DAVIS.

Jefferson Davis, Attorney-General of Arkansas, was the next speaker. He said in part:

We all know that any conspiracy to control prices—and

that is but an epitome of trusts—is a crime at the common law, and that wherever the common law prevails and under that alone the crime of conspiracy to control prices can be punished criminally. It is not of the legislative department of this government that I would complain, but of the judicial department. I hold in my hand a copy of one of the best laws that was ever enacted in a state upon the subject of trusts. The only remedy for extermination of the trust is to bring upon it the strong arm of the law. Arkansas has started the agitation, but Texas went us one better, and Texas has to-day possibly a better law than that. We have got to reconstruct our judiciary. I am here to say to you that if we ever have another civil war—and God grant we may not—it will be brought about, in my judgment, by judge-made law. I tell you, one of the greatest evils of the country is judge-made law, the judiciary department invading the department of the legislative.

TRUSTS PART OF PROGRESS.

GEORGE GUNTON.

The next speaker of the evening was George Gunton of New York, who spoke briefly. He said:

The trust question is only a new phase of an old problem, the problem of free industrial enterprise. Since the dawn of the factory system and the use of steam, state regulation of industry has grown more and more incompatible with progress. The present agitation against trusts has all the characteristics of the anti-machinery riots of a century ago. It pervades the attitude of both laborers and business-men alike. Men of national repute and leaders of great political parties are asking the people to reverse the policy of industrial freedom and return to the doctrine of arbitrary paternalism, specifically to suppress large corporations. Are the American people ready for such a step?

Stripped of sensation, political partisanship, and class feeling, the movement against so-called trusts is really a

movement against industrial development and national prosperity, and is a blow to the growth and greatness of the nation.

CONGRESS SHOULD CONTROL.

HON. G. R. GAITHER, JR.

Attorney General Gaither, of Maryland, closed the second day of the conference with a short address as follows:

The control and direction of trusts can be made effective. The inexorable law of economics that values must inevitably find their true level can be safely relied upon to disintegrate and destroy the false combinations which have been formed, and the creation of trusts may be regarded as only a temporary disturbance of the business world.

Every act of a trust can be directed by the law. The propriety of a law regulating the price to be charged for a commodity cannot be questioned. It would be within the province of Congress to ameliorate the present semi-barbaric relationship between great corporations and their employes. Again, a wise system of taxation levied on these aggregations of wealth would afford national and municipal funds for the establishment of enterprises for the unemployed.

The control, regulation, and direction of all trusts, whose business is carried on in more than one state, should be placed under the jurisdiction of Congress. A similar jurisdiction over such combinations operating in a single state should be reposed in the respective state legislatures. It would be almost suicidal to attempt such legislation under the present constitutional limitations. Let us cut the Gordian knot of endless constitutional discussion by adopting immediately an amendment to the federal constitution which will confer the broader power to deal with the subject upon Congress and the states in their respective spheres.

REVIEW OF SECOND DAY'S SESSION.

DR. ALBERT SHAW.

The second day of the conference was marked by the arrival of a considerable number of men of influence and prominence from various states. The members had made good progress in getting acquainted with one another, and the atmosphere of mutual distrust and suspicion which had prevailed to some extent on Wednesday was largely dispelled. The selection of John W. Gaines, Representative in Congress from Tennessee, as chairman of the subcommittee on program and arrangements was wholly acceptable to all elements. Mr. Gaines, like his associates on that committee, readily convinced every one who came in contact with him of the scrupulous fairness of his attitude and his doctrine to do all that he could to make the conference instructive by reason of its being a free and open parliament for the courteous expression of every shade of opinion.

The public speaking of the conference thus far has not all of it been directly to the point, nor has it all been marked by the highest order of thoughtfulness. But much of it has been good, considered as oratory, and some of it valuable for the purposes of the conference in its real illumination of some of the phases of the program. A good part of the morning session was taken up on a rather futile debate on the question of whether or not there should be appointed a committee on resolutions.

The discussion ended, however, in something like entire unanimity, and the decision to select a resolutions committee on the same plan that had been adopted on Wednesday for the selection of a committee on program and arrangements. The delegates from each state were authorized to appoint one member, and each organization of a general or interstate character was similarly entitled to representation on the committee. Many dele-

gates were of the opinion that it would be absolutely impossible to wind up the conference by the adoption of any resolutions which could have force or meaning unless by a mere majority after a debate and a vote that would show distinct lines and cleavage in the conference. This opinion, however, may not prove to be true. Some of the speeches and papers that have already been presented would seem to indicate practical propositions in the production of remedies for confessed evils that might be put in such a way as to obtain an almost general support from the conference. For example, the proposition made in the stirring speech of the Attorney General of Maryland, Mr. Gaither, with which the evening session closed, to the effect that the trusts should be brought under the direct jurisdiction and oversight of the federal government, might upon a test, be found to carry the conference by a large majority.

Upon that proposition, moreover, it does not now seem likely that there would be any division of the conference, either on sectional or party lines. The proposition that has been emphasized by a number of the more scholarly students of the trust question to the effect that there should be an immense increase of publicity, and the adoption of something like uniformity in accounting, so that the public might know as much at least about the capitalization and operation of trusts as it now knows about the business of national banks is also a proposition of an eminently practical nature that might well, if submitted to the conference, find general support.

I mention these as mere illustrations of the kind of resolutions that might possibly be carried through this particular conference. It is also likely that some resolution of considerable pith and point, touching the relations of organized labor to organized capital, might carry the convention almost unanimously. The discussion of the tariff as related to trusts by several gentlemen in the forenoon session was regarded in some quarters as not wholly relevant to the main subject.

These criticisms were simply directed to the point that it was the principle of protection that was condemned on the one hand and eulogized on the other, that the

actual facts as to the extent to which the tariff is promotive of trusts was not completely debated. It is undoubtedly true, nevertheless, that a large majority of the members of the conference would be ready enough to express themselves as opposed to any tariff schedules which could be clearly shown to be promotive of monopoly, or organizations which have been formed to force prices up to the full extent of the protective tax.

There do not seem to be many delegates in the conference who are not disposed to discuss the trust question fairly and simply on its merits in the light of their convictions, with a reasonable amount of disposition to learn something on a new subject which, after all, few people wholly understand, except the delegations from Texas and Arkansas. Their point of view is that it is not necessary to learn anything about the subject in its details and varying phases, inasmuch as they have already committed themselves in advance absolutely to the doctrine that all trusts, combinations, and monopolies must of necessity be wholly bad, and must, therefore, be dealt with uncompromisingly.

Their state of mind is much like that of those prohibitionists who have no disposition to discuss matters for the alleviation of the evils of the drink habit or the saloon because they do not believe in compromises or palliations. The great majority of the conference apparently is to a certain extent open to conviction and is willing to discuss feasible means for the regulation and control of great corporate aggregations.

PROFESSOR COMMONS' VIEW.

Yesterday's session of the trust conference gave us two notable papers. One was a startling revelation of railway and warehouse methods. The other was the most brilliant piece of pure logic that has yet been heard. It probably cannot be equaled. It was a marvel of audacity and cogency. The prolonged applause which followed

was a magnificent tribute to pure intellect. That the undiluted doctrines of anarchism should so transport a great gathering of all classes here in Chicago would not have been predicted. It shows the catholicity of the audience. But his logic was self-annihilating. It was too logical. It was metaphysical. Yet few could locate its fallacy, because it started from principles which Americans have never dared to question, but have always violated—that is, abstract justice based on the natural equality of every individual. Granted these premises, then every special privilege bestowed by government has been a violation of justice. It only needs a new definition of special privileges, and these Mr. Tucker gave. They are patents, tariffs, land ownership, and money. These produce rent, interest, and profits, and these in turn are the essence of trusts. Do not abolish trusts but abolish all special privileges and get back to man's natural equal justice.

The argument was faultless, but it overlooked necessity, expediency, the struggle for existence. The first law of life is self-preservation. The second law is justice. You listen to the trust defenders and the trades union leaders, and you see that they are in the fray of a mighty struggle. With them it is competition: I swallow you or you swallow me. They have no time to think of justice. Their criterion is not equality but success and survival. They point to prosperity as their justification, not to justice. They must win. Necessity compels it. Success justifies it. They are not dreamers.

Not so with Anarchists and American farmers, for the Anarchist only carries the farmer's theory of individual justice to its logical end. The Anarchist wants equality on abstract principles, the farmer for practical reasons, because he is not in the trust. He is the consumer. He pays the bills. He sees the trusts and the trades unions combine. He knows whose neck will get it. He must head off the combination. He must compel them to keep on competing. He must insist on that primitive equality which still holds between farmer and farmer.

But he and the Anarchist are mistaken. The trust and the trade union have no choice, except that empty

option between life and death. They must combine, or cut throats, or be swallowed. If the farmer and Anarchist want justice and equality they must look for other weapons. This trust conference is a magnificent field to study these three social types and their two ways of thinking.

THIRD DAY.

SINGLE TAX VIEW.

LOUIS F. POST.

The third day's session was called to order at 10:30 a. m. and Chairman Howe introduced Louis F. Post, of the National Single Tax League. He said:

The real trusts rest upon monopoly. The trust question is at the bottom of the monopoly question. Trusts are buttressed by protection or have direct special privileges, like railways, or peculiar land advantages. In the last analysis trusts cannot be perpetuated unless they come to own the natural sources of supply and distribution—the land. Like Antaeus, they must have their feet upon the ground, and it is only by forcing their feet off the ground that we can destroy them. Abolish the tariff, abolish all monopolies that can be abolished, take public highways for public use and collect from land-owners the annual value of their special advantages—do that, and you put an end to the trust. You cannot do it in any other way.

TRUSTS FROM THE SOCIALISTS' POINT OF VIEW.

THOS. J. MORGAN.

Mr. Post was followed by Thos. J. Morgan, of Chicago, who said in part:

We see from the socialistic view not the special interest of this or that trade, of this or that nation, of this

or that particular race; but we see the interests of the whole human race as it is involved in the development of modern industry and modern commerce. The socialists see the end of the feudal system.

The trust is the legitimate child of capital; and if it were not for the seriousness of the problem we should be more than amused at the efforts that are made to check the growth of this offspring that are made by those that produce. The socialist sees that you are totally impotent to interfere with their growth in the states or in the Union; they override your state and national laws in their progress. We socialists go back and look over your records, and we ask you to listen to what was before the corporation came and before the trust was dreamed of. You individual employers, you individual business men, you opened the doors of the orphan asylum and you took out of it your fatherless children and put them into your individual factories and ground their lives into dollars; you took the man and his wife, you took the mother and the child, and you put them into the bowels of the earth to bring out your black diamonds so you could enrich yourselves. That spirit is not dead. It is seen in Africa, where the poor Kaffir is down in the diamond mines and the gold mines. It is seen in the effort to subdue the Boers. Not alone there, but here—you freed Cuba, didn't you? Oh, the poor Cubans! They must be freed from Spain. But what do you do with the negro down South—you disfranchise him. (Applause.) Then, you individualistic business men, your spirit goes out into the Philippines and will reduce the Filipinos to the level of your negroes down South. (Applause.)

The fetich of private property in the mines, in the oil regions, in the forests, in the fields, and everywhere else is the bane of civilization, is the illusion of civilization, and must be wiped out of the intellect. We socialists rejoice that the trust has come to show you that the logical sequence of the ownership and control of what is now known as private property and the resources of the earth will be one trust, and you will not be in it.

TRUSTS AND COMBINATIONS.

JOHN W. HAYES.

The next speaker was John W. Hayes, general secretary of the Knights of Labor. He said:

The question which we are invited here to discuss, "Trusts and Combinations," is fast pressing itself for solution before the highest tribunal in the nation, the court of final resort for all questions of public policy, the court of public opinion. I shall, therefore, discuss this question only as it bears upon the broad field of human rights, and deny at the outset the moral right of any individual or combination of individuals to so monopolize any natural field of industry to such an extent as to be able to dictate the conditions which govern the lives of that portion of society that gains its maintenance by the exercise of productive industry in that particular field. I assert that it is contrary to the best interests of society; indeed, that government has not the constitutional power to enact such legislation as will make it possible for any combination of individuals to so limit the volume of production in any natural field for its own particular advantage; or so create conditions that any individual or combination of individuals may have despotic power over the lives of any citizen or number of citizens.

I further assert and maintain that these great combinations are an assault upon the inherent and constitutional rights of the citizens; that the real and vital advantage to be gained is the despotic control over labor.

Violence is not the only means of making conquests and enslaving the people, and it can be proven beyond any question of doubt that the methods of the trusts are the methods of the invader, the conqueror and the despot, and the ends to be accomplished by the instigators of the trusts are exactly those intended to be accomplished by arms directed by military genius. Taking this view of

THE "TEXAS IDEA IN THE SADDLE.

—From the Chicago Tribune.

the trusts, which I hold is the correct one, I assert boldly that they are the enemies of society, and as such should be destroyed, as any common enemy, and that the financial phase of the question should not come into the subject for consideration, and the liberties of the people are far above the mere question of money.

The good of society demands that the productive energy be developed to the greatest degree possible; that the fields of industry be not circumscribed, and that free access be guaranteed and preserved to all who require or desire to exercise their productive labor in such fields. The controlling of any field of industry by any individual or combination of individuals is contrary to the declared spirit of our Constitution.

RIGHTS OF INDIVIDUALS VIOLATED.

The great object of human endeavor is the achievement of the greatest degree of human happiness. This is the great aim of all human society, all human government, and this is the declared and recognized purpose for which our free institutions were devised and established; and the machinery of our government was designed and constructed for the purpose of accomplishing this result in the most effective manner. By reserving the inherent rights and interests of the individual and defending the dignity of citizenship it is hoped that the citizen may be protected from the tyranny of more fortunate individuals and classes, and the oppression of unjust conditions and influences which may assail him, and be left untrammeled in his pursuit of that degree of happiness to which he may aspire.

The trust being an aggressive combination for purely selfish objects, attacks the individual, and by overthrowing his mutual rights seizes upon his field of opportunity and production, appropriating them to its own personal advantages. This field having been conquered and the trust strengthened in its financial power, the aggressive spirit of selfish greed looks for conquests in allied fields, which are soon invaded and monopolized, or other combinations, seeing the success of the first attempt, enter upon the same campaign of conquest. Soon the indi-

vidual is overwhelmed and every field of production is monopolized by a trust.

To sum up the whole, this policy of the trusts is an aggressive invasion organized against the best interests of society and destructive to our free institutions and popular government. It is too often the instigation of fraud, corruption, bribery and treason. It is the ally of despotism, tyranny, mercenary selfishness and slavery, and is the enemy of the elevation of the race and the equality of man.

TRUSTS AND ORGANIZED LABOR.

HENRY WHITE.

Henry White of New York, general secretary of the United Garment Workers of America, said:

On this serious problem, where does labor stand? I have been invited to speak from the standpoint of the wage earners, or rather the organized portion of them, for the unorganized have no voice and like "the man with the hoe" have always been mute. The attitude of the trade unions toward the great industrial corporations depends altogether upon their attitude toward the unions. The organized workingmen, while they may disagree somewhat on the general question, agree on this, that improved means of protection is of more consequence to them than improved methods of production. To have some say as to the terms of employment is what is wanted.

Even though the trust may concede higher wages and shorter hours, it is the recognition of the right to make terms through the agency of the union that concerns them most. Employers will often voluntarily grant concessions as the means of offsetting the demand for recognition, knowing that such recognition would enable the men to deal with the employer more like an equal. Will it be the policy of these corporations to recognize the function which organized labor fulfills in society and treat with them as such, or will they deny to the workers advantages which they themselves enjoy? Will they insist upon

ignoring the necessity of workingmen acting in groups in view of the impossibility of the individual making satisfactory terms of employment in a great factory where uniform conditions are determined by the management?

LABOR MUST CONTINUE ACTIVE.

What will the policy be toward united labor when the trusts are more fully established? Will the unions not have to meet a more unyielding foe? That is the question which a million organized mechanics are asking, and an assuring answer cannot be given by words alone. It might be said that necessity would stimulate and strengthen the movement of the workers. No doubt it will, because years of struggle and sacrifice made for economic independence have trained and nerved the American toiler for a greater trial, and the test must soon come, for the organizations on the other side are proceeding at such a pace that labor will have to make great strides to catch up. To meet one single employer who speaks for the entire trade is quite different than coping with one who represents himself alone.

The trust managers have magnificent opportunities. Will they avail themselves of them? Will they show the necessary large-mindedness? Judging by our knowledge of human nature, which we know has not changed perceptibly for a thousand years under varying conditions, we have cause to possess grave doubts as to whether they will. But the American people have never failed to successfully meet a great issue when once they grapple with it.

In the lowering clouds of social strife there is welcome light. The mere fact of such a gathering gives us hope that the age of reason is dawning, and when men reason everything is possible.

TRUSTS AND UNIONS.

SAMUEL GOMPERS.

President Gompers, of the American Federation of Labor, said in part:

Perhaps the greatest sufferers from the wrongs which

the combinations have done society have been the wage earners, but in spite of this fact we do not close our eyes to actual facts and conditions or join in the general howl simply for the purpose of howling. The cry is now by a large number of our people for untrammeled competition, and the old cry which was turned against the organized efforts of the workers for improved conditions is turning against the combinations of capital. They grow and will grow, and I have no hesitation in saying that the organization of industry upon a higher and more scientific basis will continue.

If prices have been raised the combinations of capital have always been held responsible. If prices have fallen when combinations of capital exist it is argued that they would have fallen still lower if the individual concern had existed. Be this as it may, this proposition cannot be disputed, that prices continually tend downward. On the other hand, the tendency of wages, in spite of all declarations of the pessimists and the enemies of organized labor, is upward, due solely to the organized effort of the wage earner.

It has been said that organized labor is a trust, and I want to say in connection with this that to our minds that is an absolute misnomer. Organized labor throws open its doors to all who work for wages, and asks them to come in and share in the benefits. We try to prevent by all means within our power anyone from leaving or getting outside of the union. You cannot break into a trust. And for this reason I want to say that any legislation proposed by this conference or by any legislature or by congress which does not eliminate or specially exempt organized labor from the operations of the law will meet the unquestioned opposition of all the labor forces of our country.

I believe we can tax the corporations; we can tax franchises; we can advocate and have municipal and common ownership of public utilities. In the midst of greater concentrations of wealth and the vast development of industry, it behooves the workers more ceaselessly than ever to devote their energies to organized labor and to counteract the effect which otherwise their helpless and un-

protected condition would have upon them. Organized and alert, the workers cannot fail to lighten toil, shorten hours and lengthen life by constant and persistent effort, and make the world better for our having lived in it.

A PRACTICAL VIEW.

M. M. GARLAND.

M. M. Garland, ex-president of the Amalgamated Association of Iron, Steel and Tin Workers, spoke in part as follows:

The whole life of the man employed in the iron and steel rolling-mills must, from the very nature of his labor, be practical. The trust question is an old one. It has been the instigator of much attempted legislation and has formed the target for campaign speakers in almost every kind of elections. When the iron and steel worker became convinced that the vast industrial pursuits of the world were becoming centralized under the control of a comparatively small portion of mankind he realized that to secure for himself an equivalent for his labor sufficient to maintain him in comparative independence and respectability it was absolutely compulsory that he form a combination with his fellow workers to control, as far as possible, wages and fair treatment. This organization was immediately termed a trust by many, but the fair mind cannot consider the open trade union as such under the general acceptance of the term.

But in deference to a number of decisions by eminent judges in the several states and the decision of an Attorney-General of the United States, all of which declare us at least amenable to whatever penalties would occur to trusts violating the statute of present enacted anti-trust legislation, to that extent we are compelled to accept the onus. But it is the recent rush of corporations doing business in the same line of manufacture or interest into one or more immense corporate combinations, usually

termed trusts, that has challenged widespread comment and occasioned the discussion of the question by this conference. No corporation desires to lose its identity, and there can be no doubt that much of this in the iron and steel industry has been caused by the same element that forced the workmen to organize—that of self-preservation. The corporation of many years' standing had grown with the increased uses of iron and steel until, in some branches of the trade, several firms were more powerful and held more assets, each one in themselves, than any of the trusts that have yet been formed in the same line of business. We have passed the point where corporations in iron and steel were of great moment whose capitalization was limited to thousands or hundreds of thousands of dollars, and we have entered the era of millions and hundreds of millions of dollars capitalization.

CAUTION AGAINST DEMAGOGUES.

DAVID ROSS.

Mr. Ross, of the Illinois State Bureau of Labor Statistics, urged briefly the use of judgment and reason by the conference in the consideration of the great questions before it, and cautioning laboring men not to make the mistake, in their crusade against industrial combination, of delegating too much power to demagogues. He said in part:

Let us not forget that we are the representatives of the free government, and that power still remains with us. Let us remember that no private interest is secure when exercised to the detriment of public welfare.

In the judgment of some disciples of disaster, through our own personal neglect, we have become the victims of organized villainy and the playthings of power; nothing can save us now except an appeal to members of law-making assemblies. I recognize the power and influence of legislation, yet I doubt if we can be saved through the instrumentality of law.

There are three propositions in which the workers for wages are vitally concerned—the duration of the day's work, the compensation or value of their labor, the cost of what they have to buy.

Laboring men, whose sympathies will be relied upon to aid in the crusade against all forms of industrial combinations, should have a care lest they delegate to demagogues the power to punish and oppress.

GOVERNMENT OWNERSHIP.

M. L. LOCKWOOD.

M. L. Lockwood, President of the American Anti-Trust league, spoke as the advocate of government ownership of railroads. He argued that with the nation in full control of the railways, equal rates could be maintained, and the greatest of all hindrances removed from the pathway of free competition in industrial life. He made a closing plea for harmonious co-operation of all parties in defense of the fundamental principles of the American republic, and the re-establishment of equal rights and opportunities to the American citizenship. He spoke in part as follows:

We are confronted by great questions—greater, I feel, than have ever confronted any generation of men. Slowly and by tortuous route man has pulled himself up to the present stage of civilization. We now live in the most important age of all the centuries; in an age in which the capability of this man for self-government will be put to a new test—tested in that crucible of unlimited supply of corrupt corporate money in our public life. Absolutely unlimited corrupt money—because if they may be allowed to destroy competition and plunder the people, the trusts, and monopolies, and railroad combines can afford to make it absolutely unlimited.

I was somewhat surprised last evening to hear a gentleman upon this floor tell an American audience that Rus-

sia had put protective tax of $2 a barrel on oil to keep American oil from driving the Russian oil out of Russian markets, and in the next moment he tells us that if it had not been for the organizing genius of the Standard Oil Company people, Russian oil would have flooded the American markets and dried up the American oil wells and shut down American refineries. Now that is spreading it on pretty thick—thicker than I have been used to, and I have been used to a great deal.

RAILROADS BACK OF TRUSTS.

The gentleman would have us believe that the Standard Oil Company has a monopoly of the brain and business capacity of America, but I want to tell the gentleman and you that if it had not been for railway rebates and discriminations there never would have been a Standard Oil trust monopoly. I want to say to the gentleman and to you that if he will re-establish and maintain equal rates over the railways of America, in spite of this legitimate evolution of business that we hear so much about, the energy, enterprise, courage, and business capacity of the American people will drive the Standard Oil Company, with its extravagant methods, into a secondary position in the oil trade of America in less than ten years.

Then what is the remedy? Take these railways away from these corporations. Let the government own and run them. One great advantage of national ownership is that the bonded debt necessary to purchase all these roads could be placed by the government at from 1½ to 3 per cent less interest annually than is now being paid by these corporations on their bonded indebtedness.

Let all men of all parties, religions, and creeds who are opposed to trusts and monopolies and who are in favor of the great basic principles of equal rights to all and special privileges to none join in the defense. The weapon is in your hands, the greatest weapon in all the annals of time—the ballot. Use it and see that it is honestly counted. He who would use dynamite and vote wrong will be damned through all eternity.

NEW JERSEY AND THE TRUSTS.

EDWARD KEASBEY.

Edward Keasbey, of New Jersey, was introduced, after a photographer had taken a flash-light picture of the delegates and audience. Mr. Keasbey's subject was "New Jersey and the Trusts." He disclaimed any intention of protecting or defending trusts, saying they were all big enough to take care of themselves. After enumerating a large number of trusts which had been formed under the laws of New Jersey, Mr. Keasbey spoke in part as follows:

There has been no trust in the proper sense of the word for the last ten years, and all legislation directed against trusts and against combinations, as such, is futile and of no account. Now it seems bold to say such a thing as that here, after we have been discussing combinations and trusts for three days, but it is true. All our energies are misdirected, if we direct them against what we call unlawful combinations and against trusts, because business-men have long since learned that it is not safe to combine in such a way that the courts will say that their combinations are against public policy.

I do not think I need spend any time before this audience in arguing the question that we are not to break down the corporations entirely. They have been the means of carrying on large undertakings. They have accomplished too much for this country to be destroyed. It may turn out that some day great corporations will organize—well managed, conservative, and steady, free from the dangers of bitter competition, regulating prices according to demand—which will have the investment of all the people of the country, so that there will be a means of safe, steady investment, such as no ordinary business corporation is now, because of the danger of sudden destruction.

There is a remedy which we ought to try at once, and that is to make the trusts disclose to the public what the capital stock of the company is made up of, and not to allow the fraudulent inflation of stock. Let their capital stock represent not exactly their property in the business but what they can earn a dividend on. It is not necessary it should be actual property. Let every company be compelled to file in its own office the actual contract for which its capital stock is issued and let every stockholder and every member of the public have a copy of this on payment of ten cents. That is the plan that is followed in England, where great combinations of capital have been effected, and they have not had the outcry there against trusts that we are having here.

THE TRUST PROBLEM.

PROF. E. W. BEMIS.

Professor Edward W. Bemis, of the New York Bureau of Economic Research, spoke on "The Trust Problem." He claimed that the greatest danger in the trust is the menace to political purity and personal liberty involved in the efforts of law-making bodies to regulate city monopolies of light, heat, and transportation. He believed that the trust problem would require a generation or more to settle. He spoke in part as follows:

First—We may leave the entire matter alone, in the belief that many of these trusts will soon go to pieces. The revival of the copper syndicate in stronger form than ever, despite the failure of the previous one, and the history of many other experiences, show that while many trusts will doubtless go to the wall from time to time, the trust movement is likely to become stronger and stronger if left undisturbed.

Second—We may favor the solution which is attracting some attention in England, where, if I understand the matter aright, the trust of capital allies itself with

a strong labor combination, and the two together agree to rob the consumer of all they can, the monopoly profits to be divided in the proportion of two parts for capital to one part for labor. That such a solution will ever satisfy the community for any length of time is incredible.

Third—We may smash the trust, or endeavor to do so. The trouble with this is two-fold. It cuts us off from any possibility of securing the advantages which, under a better social organization, the general public might derive from the trust; and in the second place, it seems to fly in the face of industrial evolution.

Fourth—A more hopeful attack upon the abuses of the trusts consists of the removal of tariffs upon such products as Congress shall decide to be of trust make.

Fifth—The notorious and widespread granting of secret rebates and other privileges by railroads to large shippers, and particularly to trusts and combinations, must be checked in the most summary and speedy manner.

Sixth—The conference has been several times invited to consider direct public regulation of the trust. This will require, in a large measure, preliminary constitutional changes.

Our American states will have to cease to be contented with commissioners, state's attorneys, and so forth, worth two or three thousand dollars a year, and going out of office with every change of administration, while a sugar refinery or a railroad is ready to pay five to ten times that amount for its talent, wherewith to oppose or checkmate public control.

REGULATION OF TRUSTS.

PROF. JOHN BATES CLARK.

John Bates Clark, of Columbia University, New York, suggested in his address a plan of action for the regulation of the trust which received thoughtful attention from the audience. He suggested the adoption of a federal law, and a possible amendment of the federal con-

stitution, with a commission endowed with greater power than most bodies of the kind possess. He spoke in part as follows:

Monopolies are inherently evil, and trusts that are true monopolies have an evil element in them. The evolution that is now in progress has already gone far enough to reveal the difference between an apparent monopoly and a true one. Though all the goods of a certain class were made in one overgrown establishment the owners of it would not necessarily be monopolists. If they curtail the output of the goods at will and raise the price to the point that would yield to them the largest profit they would be true monopolists, and they could practice extortion on the consuming public, and also on the wage-earning class. If they cannot thus control output and price they are not true monopolists, and can practice no extortion.

COMPETITION RULES EVEN TRUSTS.

Actual trusts have only a limited monopoly price, and it is a survival of competition that holds them within limits. The new mill that has not been built, but will be built if prices reach a certain level, is the means of preventing them from reaching that high level. It is a common though inaccurate remark that trusts have lowered prices; and it is a fact that they have not raised them by more than a small fraction of the amount that genuine monopolies would have added to the competitive and natural rate; it is the potential competitor who is the cause of this. Competition that to-day is latent, but will be active to-morrow if the price of an article is raised by 1 per cent, holds the price down as rigorously as natural active competition does.

Potential competition is capable of being an adequate regulator of prices; and the striking fact is that, if only this kind of regulation were as efficient as it probably might be, the natural level of prices, under a regime of trusts, would be lower than it has been under a regime of smaller establishments.

WHAT THEIR EXTINCTION MEANS.

The whole great economy that consolidation insures may be made to inure to the benefit of the public if only potential competition does its normal work. Trusts with the element of true monopoly taken out of them might become as popular as they are now unpopular. They might give to the country in which they should be most numerous a decisive advantage in the struggle for the trade of the world. What would the total extinction of trusts mean? It would mean security bought at the cost of wasteful production. What would the full development of trusts unchecked by potential competition mean? It would mean a perverted distribution, with extortionate profits for a few and burdens for many. It would mean a state from which many a man to whom the picture of state socialism is now a terrifying specter would even begin to turn to socialism itself as the more tolerable system.

Are these the only alterations? Far from it. A better one is in part realized. Trusts are largely checked by potential competition, and may be checked far more efficiently than they now are. The type of law making that promises to secure this end is as yet unknown to the practical world. The principle on which it rests is an old and fundamental principle of common law.

AGAINST PUBLIC INTEREST.

Monopolies are against public interest, and trusts must not survive if that means retaining the monopolistic power. Courts acting under common law have done little in enforcing this principle, and statutes may help them. Statutes well enforced may greatly help them. The evil power of a trust rests almost on its power to make discriminating prices. It can do many things that are evil, but it could do almost none of them if it were forced to treat all its customers alike. At present the trust can make ruinously low prices in one small area where some competitor is operating while sustaining itself by profits made in twenty other areas where it has a full possession of the market. If it were under the single neces-

sity of making one price for all buyers it would ruin itself by any attempt to compete in the cut-throat way as quickly as it could ruin a competitor.

OBSTACLES TO FEDERAL SUPERVISION.

There is much to be said in the elaboration of the plan of action that I suggest in a way that is too unique to win for it any adequate hearing. It would require a federal law, and possibly an amendment of the federal constitution. It would require for efficiency a commission endowed with greater power than most bodies of this kind possess. It would require a vigorous prosecution of the work that our people meant to entrust to the interstate commerce commission, and the suppression of corrupt dealings between favored mediums and corrupt carriers. We would require the overcoming of many prejudices. We shall have the trust forever. The economy that is inherent in its plan of production will save it. We shall yet have more than a trace of monopoly. Under the shelter of laws that seem strange to-day, but will seem natural when experience shall be riper, the full benefit of competition will be secured by the purchasing public and by the wage earning classes. The wastes of the present type of competition will be avoided, and yet the protection that it affords will be retained. The possibility of having trusts without true monopolies will make socialism unnecessary.

EVENING SESSION.

Permanent Chairman Howe opened the evening's session at 8 o'clock and called to order hundreds of delegates and thousands of visitors in the parquet and balcony and gallery.

William Dudley Foulke was presented as the first speaker of the evening. He had proceeded, with frequent applause and close attention from the listeners, for twenty minutes when Bourke Cockran approached from the wings to a seat on the stage, and the audience broke into prolonged cheers.

THE PARAMOUNT ISSUE.

WILLIAM DUDLEY FOULKE.

Mr. Foulke said in part: This question, ladies and gentlemen, dwarfs into insignificance all other issues at the present time, not only in our country but throughout the world. When Dreyfus shall have been forgotten, when the war of the Philippines shall be regarded as only an incident in history, when men shall cease to talk either of the tariff or the currency, the present time may well be regarded by future generations as the crucial time in our industrial life.

Those that have been suffering from competition have resolved themselves into combinations for two purposes. First, to save expenses which competition involves. That is the first and necessary purpose. Secondly, also to control, if possible, the market, and get a larger profit. The first proposition is a wise one. Society justifies the curtailment of expenses as much as possible; the second, however, the suppression of competition, gives them the power of monopoly, a power which may be used for the purpose not simply of meeting rivals and competitors, but may be used for the displacement of labor, and may be used to the injury of the entire purchasing public. That is the first great evil of monopoly.

WORK FOR ALL FINALLY.

The difficulty that has been spoken of by one of the members of this conference, who represented the commercial travelers, is a serious one, the displacement of the large amount of labor. Yet that is the same trouble which has come in with every labor-saving machine. The work of the world is sufficient to employ all hands finally.

These great corporations are now seeking the avenues to political power. They are now seeking to enhance their

"You pays your money and you takes your choice."

—From the Chicago Daily News.

fortunes, in the words of Judge David Davis, often by purchasing legislatures and by corrupting officials.

The most efficient way of stopping the evil of the trusts is not to be found in the legislation which seeks to annihilate and extinguish them altogether. One kind of monopoly may be as dangerous as another. The same condition that exists in the sugar industry is the ideal to which all other industries seem to be tending, and the result will be to reach the practical ideal which has been realized by the sugar trust, that is controlling practically the prices of all the output of the country.

CENTRALIZATION INEVITABLE.

What has been done in the past may be done in the future. What, then, will be the result? As the nations of the world have been growing fewer and fewer, yet stronger and stronger, until we can say to-day that four or five of the greatest of them control all the future destinies of the world, so the industries of our country grow greater and greater, embracing a larger and larger area, tending to absorb our entire industrial life.

All I want to say in conclusion is that there is a method that may be found to control the direction of these corporations, but who shall invoke that which shall charm the leviathan of the sea and conduct him into still waters of virtue and benevolence? Whether we find that or not, whether we will or no, this movement will go on, and for the most part all we can do is to stand by and see the salvation of the land. It will not be the first instance in history or the development of mankind where agencies that threatened ruin and destruction were afterward found to be the ministers of blessing and prosperity.

So great was the appreciation by the audience of Mr. Foulke's speech and his evident good nature that he was called to the front of the platform three times and great cheers and cries of "You're all right!"

TRUST REMEDIES.

EDWARD ROSEWATER.

Chairman Howe then presented Edward Rosewater, editor of the Omaha Bee, who explained that he hesitated to speak in the presence of two of the greatest orators in the country, and that he imagined he would not be on the speakers' list at all but for the fact that he hailed from Nebraska. Proceeding, he said, in part:

We are confronted by grave problems generated by the industrial revolution of the nineteenth century. The trust is but the outgrowth of natural conditions. The trend of modern civilization is toward centralization and concentration. This tendency is strikingly exhibited in the congestion of population in large cities, the building of mammoth hotels, tenement blocks, sky scraper office buildings, the department store and colossal manufacturing plants. The monopolistic combination of corporate capital known as trusts have their origin in overproduction and ruinous competition. Honestly capitalized and managed, with due regard for the well-being of their employes, and operated economically for the benefit of consumers of their product, these concerns are harmless. Within the past decade the trusts have, however, for the most part, degenerated into combinations for stock jobbing. Nearly every trust recently organized had its incentive in the irresistible temptation held out by the professional promoter to capitalize competing plants at from five to ten times their actual value. This fictitious capitalization constitutes the most dangerous element of the modern trust. In nearly every instance overcapitalization becomes the basis for raising the price of trust products, and invariably lays the foundation for bank failures, panics and the ills that follow in their train.

DUTY OF THE CONFERENCE.

The imperative duty of this conference is to devise measures that will make the trusts harmless. With this end in view it should recommend:

1. The creation by act of congress of a bureau of supervision and control of corporations engaged in interstate commerce with powers for its relief similar to those exercised by the comptroller of the currency over national banks.

2. Legislation to enforce such publicity as will effectually prevent dishonest methods of accounting and restrict traffic and competition within legitimate channels.

3. The abrogation of all patents and copyrights held by trusts whenever the fact is established before a judicial tribunal that any branch of industry has been monopolized by the holders of such patents or copyrights.

4. The enactment by congress of a law that will compel every corporation engaged in interstate commerce to operate under a national charter that shall be abrogated whenever such corporation violates its provisions.

5. The creation of an interstate commerce court, with exclusive jurisdiction in all cases arising out of the violation of interstate commerce laws.

CONSTITUTIONAL REVISION.

6. In order that the constitutional limitations and decisions of the Supreme Court of the United States relative to the power of congress to regulate and control trusts may be overcome, the conference should recommend the revision of the Constitution of the United States by a constitutional convention to be called by two-thirds of the states at the earliest possible date, as provided for by article 5 of the federal Constitution.

While the trusts might be reached by a single amendment to the Constitution, I doubt very much whether anything could be gained by such patchwork, since the Constitution contains many other provisions that would constitute a bar in effecting enforcement of the interstate commerce law. The mode of procedure for securing a single amendment is, if anything, more cumbersome, and rati-

fication thereof more difficult to push than would be a complete revision of the organic law of the land.

If you will examine the Constitution you will see that it lies within the power of the states to call a national constitutional convention whenever two-thirds have concurred in such call, whereas the ordinary amendment requires the concurrence of two-thirds of each of the houses of congress, which is very difficult to procure in view of the tremendous influence exercised over the senate by the confederated corporations.

INDUSTRIAL COMBINATIONS.

HON. W. BOURKE COCKRAN.

W. Bourke Cockran of New York spoke as follows:

Mr. Chairman, Ladies and Gentlemen: There is no person who could have listened to the papers which have been read from this platform during the last three days and doubt for a moment that the object of this gathering was an honest search for truth. (Applause.) I think the country is to be congratulated upon some of the papers which have been contributed to this discussion, notably those that came from the representatives of the labor organizations and from the National Grange. (Applause.)

Indeed, as I listen to the conceptions of economic law which mark every address to which I listen, delivered by representatives of organized labor, I become convinced that the laborers who spoke to us understood these laws much better than their employers; indeed, I believe that some recent events in our history would have been impossible if both sides of these labor controversies understood the economic laws governing the relation of producers to consumers as well as one side showed that it understood them this very day.

Now I believe, ladies and gentlemen, that the pursuit of truth is not a hopeless or even a difficult task. I am one of those who believe that in any assemblage of men honestly endeavoring to discover the truth she always appears—not necessarily toward the adoption of the suggestion of any one—more often through the partial rejection of all suggestions. Somehow or other always she emerges, and when she discloses herself her excellence is so transcendent and conspicuous that all recognize her, acknowledge her and proclaim her.

Now, the precise question which we have been called to consider is the effect upon the general prosperity of the community of combinations, whether of capital or of labor.

One of the great difficulties in a philosophical inquiry is the use of vague, sonorous and misleading phrases, which raise clouds of passionate declamation about the difficulty or the problem, obscuring its outlines and even magnifying its dimensions. There have been certain words which have figured so much in the controversies that have arisen over this question that I find great difficulty in discussing the facts which confront us on account of certain words which excite us. (Laughter and applause.)

DEFINITION OF PROSPERITY.

I shall, for the purpose of establishing an intelligent basis of discussion, somewhat free from these terms over which men have become moved to passionate declamation, define prosperity as an abundance of commodities fairly distributed among those who produce them. Now this is not a statement of true conditions separate and distinct, but rather a statement of two aspects of one difference. For, my friends, I hope to establish, before I get through, that there cannot be abundant production of commodities without an extensive distribution of them in the form of wages.

But whether this distribution is not as effective and complete as we might wish, we can defer consideration of that question for a moment, and we can all agree that there cannot be any distribution if there is not production, and that there cannot be an extensive distribution unless there is an abundant production. We must have commodities to distribute before we can distribute them in the form of wages or of profits. If this definition of prosperity be correct, it is perfectly plain that there is no reason why a sensible man should grow excited either to the approval or resentment at a combination merely as such.

COMBINATIONS MAY BE GOOD OR BAD.

A combination may be good or bad, according to its effect. For instance, a combination for prayer is a church. All good men would subscribe to the success of it. (Laughter.) A combination for burglary is a conspiracy. All good men would call out the police to prevent it. (Laugh-

ter.) Any industrial system which operates to swell the volume of production should be commended; anything that operates to restrict it should be suppressed.

Now, whether these great combinations of capital or these combinations of labor operate to raise prices or to reduce them is a subject about which there has been a wide diversity of opinion, not merely in this hall, but wherever economic questions have been discussed. Some contend that the tendency of these combinations of capital is to cheapen the product. Others say that it is to raise the price of a product. Now, while I am fully conscious that the movement of prices depends upon many forms, or, rather, perhaps, I should say, upon every force, upon the bounty of the earth, upon the sun that quickens the crop, upon the rains that refresh it, upon the rivers that wash the soil in which it is imbedded and fructifying, as well as upon the industry of man, yet I venture to say that neither side of this controversy is wholly right or wholly wrong. There are some combinations which operate to raise prices, and some which operate to depreciate them. Now, if I accept either I should offend against that other offender of which I complain.

SUGGESTS A TEST.

It will be idle to say that some improve, that some raise prices and some depreciate them, if we did not prescribe some test by which we could distinguish between the two. Now, ladies and gentlemen, I think it is a simple one, perfectly clear. The test is to ascertain whether the combination of capital flourishes through government aid or without it, for, my friends, you must see that any industrial enterprise which dominates the market without aid from the government must do so through cheapening the product, or as it is commonly called, by underselling competitors.

An industry which at one and the same time reduces prices and swells its own profits must accomplish that result by increasing the volume of its production. (Applause.) On the other hand, an industry which dominates the market by the favor of government, direct or indirect, cannot in the nature of things be forced to cheapen prices,

because, if it could dominate the market by underselling competitors in an open field without favor, it would not need be government favor. (Applause.) The interference of the government would be an injury and not a benefit to it.

An industry or a combination of capital, or anything you may choose to call it, that dominates a market through a restricted competition, that delivers the consumer to it on its own terms, necessarily depends upon a narrow output and large profits, extorted, not from the excellency of its service, but from the helplessness of those with whom it deals. (Applause.)

Now, there are three ways in which the government interferes in the trade of individuals in this country—one is by patent laws. It is my purpose, ladies and gentlemen, to-night, to try and emphasize the points on which we can agree, and, if possible, by some suggestions, to extend the scope and field of our agreement, but waste no time upon questions which cannot possibly be settled by this conference, and on which this conference can have very little effect. Therefore, I will not waste time in discussing patent laws.

The other means by which the government interferes is by tariff. Now I believe that every person can concede, whether he believes in high tariff or free trade, that so far as trusts are concerned the tariff operates to favor them in this way, and in this way only. It operates to restrict competition in the production of any article to those engaged in it in this country. But if a trust or combination is to be formed, manifestly it aids the enterprise where the field of competition is originally limited. Under a condition of free trade every article which is produced is exposed to the competition of the whole world. If you rely upon the combination to suppress competition, manifestly it is easier to make a combination between the products in one country than in all countries, and to that extent the tariff favors trusts. (Applause.)

Now, it is well to say, so as to avoid what might be called the field of political controversy, that the protectionist claims that the exclusion of foreign competition in some way or other develops a domestic competition much

keener and in some mysterious method more beneficent. I do not understand his logic, but I think that is a fair statement of his principles. Now, the tariff has been thought out in this country for some eight or ten years. There has been universal debate on it, and the question is yet unsettled. We cannot hope to do much toward its adjustment here, so we will pass from the tariff.

GOVERNMENT FRANCHISES.

There is still a third and serious question which I think we can deal with, and which I believe is vastly more extensive in its results than this tariff in favor of trusts. And I refer to those favors which are extended to certain industries or corporations enjoying government franchises, which are none the less government agencies because their stock is owned by private individuals. And here we are face to face with a serious difficulty. First, I must assume it a serious difficulty because it is almost impossible to describe it. It is surrounded by secrecy. That it is existing and does exist everybody believes, but for the purposes of philosophical discussion it is impossible to try to follow that which you cannot even fully describe, and the worst feature, therefore, of this outrage which is perpetrated against a certain class of the community is that it is shrouded in mystery.

But, my friends, you must remember that no person can enjoy a favor at the hands of any company enjoying a public franchise except at the expense of another. It is true of every instance where government favors an individual. I have said in many places, and I say here, that government cannot at one and the same time be a fountain of generosity and of justice. (Applause.) Government cannot create anything. It cannot cause the boards that constitute this desk to take their places and become a useful article of furniture; it cannot call the elements of this structure into place and command them to become a building; it cannot cause two blades of grass to grow where but one grew before or make the barren field fruitful. Now, if government cannot create anything it has nothing of its own to bestow. If it undertakes to enrich one individual, the thing that it gives to him must be taken from another. (Applause.) A

government cannot be just and generous at the same time, for if it be generous to one it must be oppressive to another. If it do a favor it must have a victim. And that government only is just and beneficent which has neither favorites nor victims.

The most that you can expect to make of a perfect government is a just one. That is to say, an impartial government. Government is always just and always beneficent when it is absolutely impartial, but not merely must its own hands be impartial, but, to paraphrase Lord Bacon, "the hands of its hands" must be impartial; not merely must its laws be impartial, its courts impartial, its executive officers impartial, but the agencies that it empowers to discharge functions essentially public must be impartial in that service to every human being within the limits of the state. (Great applause.)

DISCRIMINATION IN RATES.

Now, I have said that these favors are extended, by the common belief, and I have said and acknowledged that if one person attains rates which are excessively favorable, if his goods are transported at a loss, why, other men using that same facility must make good the loss. If goods are transported from Chicago to New York for anybody for less than they cost, why, that must be made up by the commerce of hundreds of others who pay too much.

What is the remedy? A simple one, I believe. Some gentlemen have suggested municipal ownership. (Applause.) Ladies and gentlemen, I have no quarrel with the applause of municipal ownership. I concede the principle of it. (Applause.) The government has no right to empower any private agency to perform a function unless it be one which the government would be bound itself to perform if that agency were not to be found. (Applause.) The only excuse for empowering a private corporation to discharge a public function is the excuse that the service will be more efficient. The question, then, of municipal ownership is a mere question of expediency. Can a government administer a railway, a gas company or a street railway as well as private individuals, with that strong, powerful incentive in the shape of a hope of profit, and

with the peculiar capacity which is developed by years of experience? I won't debate it here, for this reason, that if it be a remedy it is such a remote one that a discussion of it would be a discussion of the interests of our children rather than of ourselves. (Laughter and applause.)

There are many grave questions to be considered before a municipal ownership could be reduced to practical operation, even though we would now set about the task. There are questions, for instance, as to the rate of valuation. Would we take them at what it would cost to reproduce them, or at their earning power? If you say you will take them at their earning power I tell you you would have rather a doubtful speculation. It is doubtful if you could take them, if the government could take them, capitalized at their present rates, and make them pay. If you take them at what it would cost to reproduce them you are brought face to face with the question as to whether you have any right, after the state stood by and encouraged the original holders of these franchises to sell the capital which was issued upon them to innocent holders at the value that might be put upon its earning power, and then take it back from them on a different valuation.

Outside of the question of ethics and justice you have questions of constitutional law to study, and on the whole I consider the suggestion of municipal ownership as highly ingenious and highly interesting, but the suggestion of a constitutional convention to frame a new constitution for the United States is somewhat remote. (Applause.)

PUBLICITY A SAFEGUARD.

Now, is there any practical remedy that this conference can suggest that can be put in force to-morrow by any legislature that happens to be in session? My friends, it seems to me to be a very simple matter. The fact is, you would not have to ask the law to denounce special rates to individuals; that is the law to-day. The remedy, then, is simply to define a practical penalty, a serious one, and then provide for publicity; and you provide the proper statute of publicity and you need not enforce the penalty. An officer of a corporation granting a special favor to any person who has a right to use that possession on equal terms

with everybody else ought to be held guilty of a serious felony.

No fines, no judicial rebukes, no denunciation from platforms, no legislative enactments declaring things are reprehensive will touch the subject, but a specific enactment that a special rate granted to any one, not enjoyed by the others, is a felony, and proper means to punish it will do something toward checking it, and my friends, this is not any inconsiderate statement; it is a crime of the first magnitude. The public official in the control of any great public franchise, who gives to one man opportunities at the expense of the other, robs that other, if not of the property in his possession, of the opportunity to acquire property. (Applause.)

Now, with a statute authorizing and making it the right of every shipper, of every person using a public franchise, to have disclosed to him at any time every contract and agreement made with any other person, you will find there will be little difficulty about avoiding the enforcement of the penal statute, for it will not be transgressed. We want a simple statute of publicity, and I believe that will check the special favors.

While I am on the subject I think it wise to advert to what many call a phenomenon—that is, the public dislike and distrust or hatred of corporations. Ladies and gentlemen, I don't share that hatred or dislike, but I understand it. I don't think it is wholly justified, yet I think an examination of the history of corporate management will show some justification.

ON OVERCAPITALIZATION.

We have heard much about overcapitalization as one of the evils to be treated in this conference. In one sense I think overcapitalization is a matter of no public moment. In another I think it has a serious aspect. It matters very little how I capitalize an enterprise in itself. If I capitalize it at $100,000 and it is earning $10,000 a year, the public would immediately put the shares at 100 per cent premium, and that would be quoted at 200. It would make no difference whether I capitalized at $100,000 or $200,000. If, on the other hand, I capitalized at $400,-

000 the shares would sell at 50, and that would not make very much difference.

When the gentleman who opened this conference—Professor Jenks—in the admirable statement which placed the issues for our consideration so clearly before us, he meant to restrict this question of overcapitalization to the instance of a newspaper which was earning $100,000 a year. I think it was $1,000,000, and yet it could be reproduced for $100,000—all except the editor (laughter), and he asked, "Is it fair? How are you going to capitalize that?" The answer is very simple—tell the truth to the public about what you have got and capitalize it as you please. (Laughter.)

I can imagine a case, for instance, where an increase of capitalization with any additional capital might be a very salutary thing. Assume, for a moment, that the Western Union Telegraph Company should reduce the rates on telegrams to 5 cents a hundred, and it would double its profits, would anybody object to its capitalization on that? If, on the other hand, it should undertake to double its profits by doubling the cost of the telegrams to the public, then I would believe in invoking every implement, legislative and executive, to prevent such an outrage upon the public.

CALLS IT A SWINDLE.

If an ordinary industry capitalizes for $5,000,000, knowing that it could not pay dividends upon $1,000,000, and then without any positive falsehood deceives, by what is commonly called finance "scenery," so as to induce the public to buy at a fictitious value, I call that a swindle, and it would be called a swindle if it is perpetrated against a shoe dealer on the Bowery, where it is often called an operation. (Laughter and applause.) Now, my friends, the remedy for all evils, in my judgment, is the original remedy which I suggested—publicity, publicity.

The hatred of corporations, which, as I say, is not wholly justified, is not discreditable to the public opinion of America. In fact, I lay it down as a cardinal rule, which I think any person can follow with perfect safety, that wherever you find a general opinion on any subject in America there

is always a pretty good ground for it. (Applause.) The distrust of corporations arises not, in my judgment, from any well-considered dislike to corporate entities.

My friend from Texas, whose eloquent periods moved this body as I have not seen it moved, on the first day of our session, was careful to distinguish between corporations which acted for the public good and those which acted for the oppression of the public. I am not quite sure that I understood the distinction from his words, but I think he and I perfectly sympathized in our feelings. We do not object to the principle of co-operation. Corporate existence is the natural evolution of the partnership; it is a scheme by which men, strangers to each other, can co-operate in production; while partnership was a scheme limited to men who knew each other and were compelled to work together. But the management of corporations has been the blackest page in all our history.

The public indignation, unfortunately, which ought to be expended upon the corporate management which is responsible for this shame, has too often been visited upon the stockholders and the corporations themselves, who have been the victims of that infamy. It is a chapter which is perhaps the blackest, as I have said, in our history, this whole question of corporate management. If you read the details of it it will fill you with a sense of shame for your country. You have only got to look back to the history of the panic of 1873, and the history of the panic of 1893, and the corporate management that preceded that panic, to find corporations wrecked and looted by those to whose hands they were intrusted—their treasuries empty, worthless property sold to them, that were but small and thin disguises of truth. They were injured, robbed and outraged until deprived of property and credit, and then sent over the precipice of insolvency in a condition so rotten that their fall was noiseless. (Applause and laughter.)

Now all this story of infamy and of wrong and of perfidy and of fraud has not brought one hour of shame or humiliation to those who have perpetrated it. They are walking the streets to-day, their heads high in the world of finance. To the best informed the story is only partially known; to the vast mass of the people it is a sealed book.

DIRECTORS ESCAPE PUNISHMENT.

Why, we talk about the corruption of municipal corporations. Well, they probably are corrupt—certainly not more so than they are believed to be. (Laughter.) But the government of corporations, notwithstanding that year after year we see evidences of the recklessness with which it has been conducted, the fraud which has characterized its management—I don't believe that in the whole history of jurisprudence there has been a case in which a director has been compelled to answer for it. These frauds are perpetrated in insidious methods. The public is fooled as to the value of the stock by specific statements; interest is paid upon bonds which has never been earned, and the public believes them solvent. It pays its fixed charges and the public buys the stock, even though no dividends have been paid, believing that dividends are soon to be paid because the fixed charges are met; interest is paid on the preferred stock which never has been earned that the common stock may be floated; but when the collapse comes, when the ruin is complete, in nine cases out of ten the engineers of this ruin are appointed the receivers by the courts in order to conduct the plan of reorganization.

Mr. Gompers spoke to-day about complaints which the labor organizations have made against the courts for interfering with their operations, adjudications of these unions by injunction. Well, I don't suppose I can stop here to talk about government by injunction. That is a political phrase. So we must exclude it from discussion. But, ladies and gentlemen, I will say this: It has always been to me a source of profound regret that the courts show so much ingenuity in devising injunctions to prevent corporations from being disturbed by their employes, but have not shown one-half that ingenuity in devising methods to prevent their being robbed by their directors.

ONE REMEDY.

To all this, my friends, the remedy, I repeat, is publicity. A statute which would modify but slightly, if at all, the existing laws of every state would make this species of fraud impossible, and, while I believe that it is possible that

this conference may reach a unanimous conclusion, because every person who has spoken upon the subject—the professors of political economy from the colleges, the master of the national grange—every person who has discussed the problem, has agreed that publicity is the remedy for this species of corporate fraud and for unfair and unjust discriminations among those who are compelled to use them, what objection can there be to it?

SECRECY A BADGE OF FRAUD.

Why, they tell you it is private business. Never private business when you are called upon to discharge a trust on behalf of those who are not always at your elbow to see how that trust is discharged. (Applause.) No honest man ever yet, discharging a duty for another, claimed the cloak of secrecy. That is the badge of fraud. (Applause.) No corporation has a right to secrecy in the discharge of its duties. Whenever any person seeks to lure you up a dark alleyway on the pretense that he is going to serve you, do not parley with him a moment; he is a confidence man. Call a policeman if you want to save your property or your character.

No corporation anxious to perform honest service to the public and its stockholders will seek secrecy or will insist upon it. Remember that this secrecy is not invoked by corporate members against the public any more than it is against their own stockholders. It is the cloak behind which all these frauds are perpetrated. The payment of interest, the false pretense of paying dividends which have not been earned; false pretenses about earnings; false pretenses made up of false bookkeeping; all these are possible while the managers of a corporation have the right to close their offices in the face of their own shareholders and say that this is a matter which concerns the management.

Ladies and gentlemen, we have but to provide a simple statute; first, that any stockholder—as they have in England, as Professor Brooks pointed out here the first day of the session—shall have the right to examine the books of a company and know everything about its concerns, although he owns but one share. If they find it too onerous to allow the owner of one share of $200 to ex-

amine their books at leisure, then let them raise their shares to $1,000 or $10,000 or $15,000, and let the minimum shareholder be entitled to examine the books. But when they issue stock at $100 a share, or $50 a share, and any member of the public becomes a member and an owner of that stock, and a shareholder of that corporation, he should have the right to examine those books whenever he chooses. And that is the law to-day if the courts would enforce it. (Applause.)

In addition to that every corporation should be compelled to file with the secretary of state, when it organizes, a statement of property, and then let the public buy at any capitalization it chooses to make. Every year it should report to some competent authority a full statement of its business. That is the law to-day in nearly every state, and it is always evaded. The reports are misleading where they are not incomprehensible. Let these reports be fair, honest statements of their business, and then finally extend the powers of your superintendents of insurance and banking to all corporations, and let these reports be verified, and then you will have honest management of corporations, and I promise you that this public distrust and hatred of corporate entities will disappear from the minds of a liberty-loving people, who are but seeking justice even through their prejudice. (Applause.)

Now, so much for the interference of government in the affairs of the citizen and monopolies resting upon it. I have, as you will remember, mentioned a form of industrial organization which dominates the market, not through government favor, but through the cheapness of its product. Against the monopoly that depends upon government, favored in any shape or form, I am as truly opposed as any gentleman—even from Texas. (Laughter.) I confess that I envy Texas its breezy rhetoric when I want to denounce that. (Laughter and applause.) But, my friends, when we come to consider organizations which dominate the market without any aid from the government, why, then, we are face to face with a proposition which is of radically opposite character.

Now let us see what the objection to that is. We are told that it defeats competition; but, my friends, that is an

obvious mistake. I must say to begin with that any industrial organization that cheapens to me the cost of something I need I regard as a benefit, and I cannot possibly bring myself to quarrel with it. (Laughter.) I cannot quarrel with it even if you call it a monopoly. I must make this confession frankly before this gathering, that if I can go to a department store (which I believe is a form of monopoly very offensive to some gentlemen), or to any other kind of trust and get a good suit of clothes for $40, why, I would rather go there, and would go there, than to a small tailor and pay him $50.

This may be a confession of total depravity. (Laughter and applause.) But I hope, ladies and gentlemen, you will at least give me credit for the candor which prompts it. I think I said at the beginning that we must be very careful about getting excited over words. Now there is a word here which I must use, and that is the word monopoly. You will observe that I strictly avoided the word "trust," which was originally a term of highly respectable significance, but which seems to have fallen into disrepute by its association with millionaires, and so far as possible I exclude its use.

I have heard gentlemen here speak about "partial monopolies." I confess I do not understand what that means. A partial monopoly is very much to me like a partial whole. (Laughter.) If we are to have a monopoly I can understand that (laughter); but I cannot quite understand a partial monopoly. But then you must remember that that is an economic subject, and combinations of capital have given rise to an extraordinary number of phrases which I do not claim to understand.

MONOPOLY HAS A BAD NAME.

Monopoly is a word which suffers from a very bad name, and deservedly so. It has been associated for ages with the very worst form of governmental practice. During the whole history of the world, until, I may say, this generation, monopoly represented—rather, it controlled—the market by government patent. It meant a license to some government favored to prey upon the necessities of the

community, and the mention of the word naturally awakens the indignation of every liberty-loving freeman.

I do not believe that there is any single industry existing in this country to-day that is a monopoly in the sense in which that word can be used. I believe the Standard Oil Company, which is generally considered the leading monopoly, supplies about 62 per cent of the entire product of all its consumers. But I suppose a better word would be a dominating industrial enterprise—one that dominates the market; that leads, not that has the largest measure of the total. I do not object even if you call the institution that gives me my clothes the cheapest a monopoly. I will not quarrel with the words. I do not care which term you use as much as I do about the clothes. (Laughter.) But it must be borne in mind that the gentlemen who object to this form of domination or monopoly, call it what you will, on the ground that it destroys competition, are wholly illogical. It does not destroy competition. It is the very product of competition. Ladies and gentlemen, you cannot have competition without competitors, and if you have competitors one must prevail. If you do not allow the man who prevails in the competition the fruit of his victory he will not compete, and nobody else will, and then you will have no competition. (Laughter and applause.)

EXCELLENCE IS MONOPOLY.

The competition of men in any department of human endeavor, if it be absolutely free, always develops excellence, and excellence is monopoly. It would not be excellence if it wasn't. You would surely not call that excellence which is shared by many. Now, if any number of persons competing to supply me with clothing and with shoes and with food and with shelter have among them one standing pre-eminently able to render me the best service of all, he does not suppress competition, he is the competitor; he is the successful competitor, and if you do not allow him the fruits of his success you destroy competition. (Laughter and applause.) He who sells cheapest

must always dominate the market, for in economics the domination of the cheapest is the survival of the fittest.

Now, I have heard it said, as an objection to this, that the successful industry, by serving me so well throws the men who cannot serve me so well out of employment. Well, I might say in the first place that I do not believe it. These great industrial trusts I do not believe have thrown anybody out of employment who deserves employment. To begin with, the man who says that any combination throws him out of employment because he cannot compete with it admits that somebody else can do his job better than he can, and if so he ought to give it up. (Applause.)

And so, where a society is passing through an experience and a man thinks he is going to be thrown out of employment he yells and screams and shouts a great deal more than he will ever do after he has actually gone through it.

STAGE DRIVERS WERE AFRAID.

You may remember—I don't suppose any of the ladies and gentlemen here will remember—but all are familiar with the history of the development of the railway. There was not probably in the history of man a danger that was apprehended to such an extent as the danger that the stage-coach drivers cherished when they believed that the construction of a railroad would throw every one of them out of employment. I think I could demonstrate here that anything which cheapens a commodity or article, and therefore increased the volume of the commodity, cannot throw anybody out of employment.

As soon as the railroads became so far organized that the stage coach was driven out the demand for drivers and horses to distribute merchandise and passengers from railway stations was more than three times greater than the demand for drivers of stage coaches. It is quite true that some stage-coach drivers who had been driving a four-in-hand from London to Brighton could not bring themselves down to the driving of merchandise wagons and passengers, but, says I, "Are you going to block the wheels

of progress for the benefit of the stage-coach driver?" (Laughter and applause.)

When there was constructed a machine for the manufacture of shoes the cobbler, in his cellar, bemoaned his fate, and was calculating upon the number of days that would intervene between himself and starvation; and the weaver, working for a miserable pittance in a back room, whose condition was as bad as the condition of the woman immortalized in Hood's "Song of the Shirt," bemoaned the approach of the day when the steam loom would deprive him of the bare crust he was able to earn when he should be thrown out of employment; but the putting of newer and cheaper goods on the market gave employment to many men, and who were the men employed first but the men who were familiar with those textile articles and those articles in leather. The cobbler was taken from the cellar in which he lost his sight and became prematurely blind, and the weaver from the back room where his life was miserable beyond our civilization in this generation to conceive, and placed in a light and airy factory and he got better wages—and in a short time he organized a union and demanded still better wages. (Applause and cheers.)

Why, my friends, I heard one gentleman here declare that this method of combination must be stopped, because he said 35,000 commercial travelers had been thrown out of employment—35,000 men advancing their views through one. He gives no particular evidence that there were 35,000. They were not all here. Suppose it to be true, although I am always doubtful of statistics, they come in so handy in the course of an argument (applause); suppose it to be true, suppose that a new industrial organization produces results of great moment to 70,000,000 of people; cheapens the cost of some article of necessity; and suppose it did throw 35,000 out of employment, would you hold back the general welfare of the community to suit that particular 35,000? If we do it for 35,000, we ought to do it for 15,000; if we do it for 15,000, why shouldn't we for 1,000? If we do it for 1,000, why should we not do it for one? Why should we not hold back the entire car of human progress until every human being can get aboard, although in doing so we may have to diminish its speed

from the rate of the lightning express to that of the lumbering ox wagon? How are you going to retain this equality between men? It would be better to pension this whole army of middlemen.

And until there is a chance to get at the pension office they will never materialize. I know of nothing that prolongs life as does a pension. (Great applause.)

Let us see, my friends, how this thing will practically work. How are we going to keep excellence and mediocrity upon the same level? If you have competition you will have excellence. Is not every form of competition certain to produce excellence wherever it occurs? I heard my friend, a socialist, this morning, whose name, I believe, ought to become famous all over the United States after that most interesting address which he delivered, declare that competition was warfare. Let me protest against that. Competition is not warfare in the sense of being destructive. Competition is the ascertainment of the place of greatest utility for each individual. These men are not thrown out of employment permanently, as the cobbler was taken from his cellar, where he was making one pair of shoes a day, into the factory to make fifty or sixty pairs a day with the increased power of machinery; so the man who is displaced by one element of progress is not absolutely retired from the field of industry, but he is transferred from one field, where he is no longer most useful, to another, where his capabilities are of greater development.

Now here a few days ago we had a number of boats with which we had the honor to meet to select a competitor to defend the America's cup. Well, the Columbia won when she went out. Did she break up the Defender on that account? Was the Defender ruined on account of that? No, the Defender is now retired simply on account of it; its empty hold will become wainscoted and will be divided up into comfortable cabins; there will be happy faces on the deck instead of sailors pulling and hauling with desperate energy, and will be assigned a new position in the naval world. It will join the great army of the Puritan and the Volunteer and all the other defending yachts that have now become relegated to the past, that have won victories in the past, and competition has injured nobody,

but has assigned each to the place where each will achieve the greatest glory for our country and show the greatest speed in the world of competition.

COMPETITION AND EXCELLENCY.

You would destroy him. When you defeat him in competition you may change his place, you make him go from the sphere that he cannot excel to the sphere in which he can have a chance, and, believe me, there is no human being that has not aptitude in some department of human activity. Any competition, as I have said, is absolutely free to produce excellency. You have got the leading lawyer. He is a monopolist. You have got the leading doctor; he monopolizes the best patients, and the leading orator gets the best audiences; and, in fact, in that respect there is a gentleman here present now who is the greatest monopolist in that respect I have ever known. (Laughter and prolonged applause.)

Ladies and gentlemen, I am reminded—that recalls an event which illustrates this whole question of competition better than anything I can give—of competition which is free and competition which is respectable—one supersedes and dominates the best, the other supersedes and dominates the baser if not the basest. Three years ago a convention met in this town, and while the delegates were largely strangers to each other a few individuals hoped to manage the convention.

The action of the convention threw it over to free competition, and a young man in the convention as the result of competition sprang upon the shoulders of the shouting, excited delegates and into leadership which was absolute in a party. Ladies and gentlemen, would anybody deny that the result of that free competition was the selection of the best man qualified? Had a man been able to control the proceedings he would never have been able to get on the platform.

Now, that monopoly is made just as all other monopolies of intellect and made by the same means. The doctor must protect the eminence of his profession by watching the performances of science wherever there is an opportunity, that he might apply the best remedies; and the

orator must present his subject to the audience with all the splendor of his rhetoric; but if the lawyer maintains his domination through the favor of the court, if a physician gets his patient through the favor of some social influence, then you find a competition which is, instead of being the domination of the best, the domination of the baser, if not of the basest.

ENCOURAGEMENT OF EXCELLENCY.

What are we to do if we are not to recognize and encourage excellency wherever we find it? If any gentleman thinks that it is cruel and wrong to pay $30 to a trust for a good suit of clothes, instead of paying $50 for a bad one to some retail dealer, so as to keep him going to preserve a middleman in industrial incapacity, why, he has a perfect right to do it. There is no law to prevent him, but he has no right to impose a similar sacrifice upon me, who don't share his scruples. But don't you see if it is wrong to encourage excellency in commodities, it is equally wrong to discourage excellency in professions.

Is the leading orator to moderate the splendor of his periods in order to bring his speeches down to the level of many of those who would like to compete with him? You see, if we carry this thing to its logical conclusion it would leave nothing for competitors to enjoy.

In my judgment there is but one test of prosperity which is absolutely infallible—that is, the rate of wages paid to labor.

Demand does not mean a desire for an article; it means a desire to extend some other commodity. My commodity would be of no use to me if there were not abundant clothing, if there were not abundant houses, if there were not abundant tables, if there were not an abundance of all commodities to exchange for it. But the abundance of all these commodities means a largely increased demand for labor to produce them. A largely increased demand for labor means a rise in the wages and the prosperity of the laborer, with my prosperity and prosperity which all must share. And that is what I mean when I say there cannot be abundant production without there be extensive distribution in the form of wages.

UNIONS DO NOT AFFECT WAGES MUCH.

I was greatly impressed to-day by the statement of Mr. Gompers, recognizing the fact that the movement of industry has steadily been toward a higher rate of wages. It is very agreeable to me, ladies and gentlemen, to concur in that statement, and to say as one of the most hopeful signs of our future prosperity that the movement of wages is upward, and must be upward because there are two forces working in that direction. But here I desire to say what perhaps may sound strange to some of you, and may perhaps shock a great many of those who approve what I have said before. Here we come to the question of the trade unions and their effect upon trades industry. Labor unions do not affect the rate of wages much at all. I think perhaps I am the first person who has advanced that proposition. And yet they are of enormous benefit to the whole body of the community, quite as much to the employers as to the laborers, and it is to their protection and in their development, as I hope to show you before I conclude, that we must hope for that industry of peace which means the great industrial prosperity to which this republic is destined, I believe, to affect industrial cost and conditions in the whole world.

LAWS OF LABOR AND EXCHANGE.

If you will bear with me for a moment and consider the law governing wages you will find that the one thing which affects the rate in laborers' wages is the volume of his product, and no agreement between him and his employer can enable the employe to pay more for the value of his product. You will see in this sense that it is impossible to maintain for a moment the idea so generally felt that wages are a species of alms, that good employers pay high wages and bad employers pay poor wages.

Recurring to the example of the chair, it is perfectly plain that I cannot give the laborer any more than his share of that product, and if I bring charity into the matter, why, in a short while I will be bankrupt and I will not be able to pay anything at all. His compensation or

his rate of wages depends very much, not on the employer's philanthropy, but upon his own right arm and his own productive power.

There are two laws working upon wages which fix its standard; one is competition between laborers for employment, which operates to depreciate wages, the other is the competition between capital and capital for profit, which operates to raise the rate of wages. You will see yourself if I am making chairs and if I am getting my labor for less than it is worth the results will be a great increase in my profits, but the moment I show a large profit in my chairmaking industry capital will give me competition, and the resultant condition will be that there will be competition for the labor of the laborer, anl the only way to prevent the employer from bankruptcy arising from a failure to obtain labor will be that he must raise wages.

THE RIVALRY OF CAPITAL.

Now the competition between capital and capital is keener than between laborer and laborer, though we don't often know it. You will see that it takes fourteen days to move a laborer from Hongkong to Chicago, but you can send $10,000,000 from Chicago to Hongkong for a postage stamp. Moreover, capital has no family ties and all things are alike to it, but as the laborer is at home he has domestic associations which are deeply implanted in the fibers of his being. It would take a laborer two days to go from here to Boston, but you can send capital from here to London, millions of it, in an instant, by a cable dispatch. It would take 10 or 15 per cent at least in the rate of wages to induce a single laborer to move from Chicago, where he had his home, to Boston, but you can send capital all around the world for an eighth of 1 per cent.

Now the competition between capital, then, being keener for profit than the competition between laborer and laborer, explains the rise in the rate of interest and the fall in the rate of wages. There is no rate of agreement between employer and employe by which the employer can give the employe more than he is worth; he cannot give him much less than he is worth, for the com-

petition of capital will soon change that. They cannot possibly change the scale of wages by any agreement between themselves, but each one can increase his profits—the laborer his wages and the capitalist his interest—by increasing the number of chairs, and therefore, ladies and gentlemen, we say that the relation between the laborer and his employer is a relation of partnership, not of service, with a common interest prospering from the same causes, suffering from the same calamities.

ORIGIN OF STRIKES.

Now it is said that this idea of partnership is inconsistent with the strikes and turmoils and the disturbances that break out at regular intervals between employers and laborers, but I think a little careful attention to that problem will satisfy you that the disputes and troubles have not arisen about the rate of wages, but rather in the method in which the discussions have been maintained.

I have endeavored to follow the history of every strike in this country. I confess the great difficulty about them is to locate their origin. When they commence the air is full of clubs and missiles. Then come charges and recriminations and imputations of statements that the public peace has been violated and that tyranny has been perpetrated, but I believe that a close study and careful examination will satisfy everybody of this fact, that the great strikes of this country have arisen from the refusal of the employers to discuss the question at issue between them and their employes with the agents that the employes select. (Great applause.) They have undertaken to declare various excuses, that they would not speak to men outside of their employment or they would not speak to their men in a body or they would talk to them singly, and that they would do one thing and another, except what they are asked to do.

Now, concede the argument that it may be foolish for men to join trades unions, to employ walking delegates, to organize for their protection. What difference can it make to their employers so long as they are free to fix the rate of wages to the laborer? Nothing could compel him to pay more than he ought to pay. Nothing could compel

him to pay more than the conditions of his trade would allow him to pay, and that being so, what difference would it make whether he delegated that duty to one person or to another, so long as was free to fix his own conclusions.

Now, I have heard very little about the strike in the course of these proceedings. It has surprised me that this greatest danger to civil society has not been discussed at all. I know of no sign upon the horizon so portentous or so ominous as the strike. It is the form of disturbance more deadly than foreign invasion or civil war. Against foreign aggression we can build fortresses and behind their shelter we can to some extent pursue the work of industrial combination. Even where the country is torn and rent by civil disturbances there is some place where men can work and toil together. The disasters of war have some compensations, because others who are compelled to share them are admitted to work in bonds of mutual interest by the necessity of repairing them.

But the strike attacks us not from without. It corrodes us from within, as the cancer that corrodes our vitals. This one danger springs from the very prosperity which we enjoy and when we analyze its causes we find in every instance that it has been a case of bad temper and bad manners rather than an irreconcilable set of difficulties. (Immense applause.)

Now I have not mentioned this merely for the purpose of railing at it, but for the purpose again of suggesting a remedy. We have heard it said that compulsory arbitration is the correct method of averting these strikes. Ladies and gentlemen, compulsory arbitration may possibly become an accomplished fact in the years to come, but that, too, is a remote remedy. It would take many long years before compulsory arbitration could take such a definite shape as to allow of its being enforced. We have had several strikes upon these systems, and I do not know of one that arose directly over the question of wages. In every instance petty disputes, which might easily have been adjusted by a little forbearance on both sides, were fanned into violent flame by discharging men who came to remonstrate, by the refusal to talk to unions, by the feeling on the part of the employer that in some way or

other there would be a debasement and an indignity in treating his laborer as his partner rather than as his servant. (Applause.) Now, I do not appeal here for any change in the relationship between employer and employe. That is fixed by eternal laws, which all of us together could neither disturb nor modify. (A voice: "Never; never.")

We have seen that the rate of wages is fixed by the volume of the product, and nothing can change it. We have seen that since the employer and the employe must share prosperity from the same causes and adversity from the same conditions, their relation is a partnership and cannot be changed. The employer may discharge his employe—that is to say, he may change his partners —but when he takes on others the partnership is renewed, and it is still a co-operative concern; its nature cannot be changed. That has been fixed by the eternal laws of God and the universe.

Now, when a great corporation, charged with the exercise of public franchises, suspends the services which it has been chartered to render, it is to-day the duty of the attorney-general to ask why that has occurred. A distinguished judge in New York state enjoined an application for a mandamus against a railway company whose system was tied up by a strike among its freight handlers, and I believe that a right of action lies now on the part of any member of the public against a corporation whose service is suspended, unless it can show the reason for the suspension.

Now we have but to amplify and to argue that inherent principle of jurisprudence. There is no reason why a state should not provide by a properly framed law that where a public service is interrupted by the failure of a corporation to discharge the functions for which it holds a franchise the attorney-general should not bring an action to forfeit the franchise it has received. And I am perfectly willing that it should be considered a whole and complete defense if it can show that it has at all times been ready to discuss questions at issue between its employes and itself by any agency of their own selection,

without ever going into the question as to whether the rate of wages was too high or too low.

I do not fear a strike if it can only have a public discussion; if the employer and the employe are compelled to get together and reason, they cannot quarrel. The best way to defeat an unreasonable demand is merely to cause it to be formulated. What is the weapon of the striker? It is public opinion. They talk about a boycott. It may be a good weapon or it may be a bad one, but certain it is, it depends upon public opinion for its efficiency. If the public was not practically unanimous in support of the boycotters, no boycott could be enforced. The way to suppress a boycott, the way to suppress all these labor disturbances, is to insist upon discussion; and if these great employers of labor, these great corporations exercising public franchises, be compelled to set an example, the results will be so beneficent that all other employers of labor will be eager to follow their example.

How can there be a serious question between employer and employe about a question of wages? If an employe demands more than his share of profit of that share, against whom would he strike? Not against his employer, but against all the other laborers, his unknown partners scattered all over the world, and helping him to create that share. If he gets more than his share, somebody else must get less. If the railroad engineer gets more than his share of the earnings, the conductor, the brakeman and the switchman must get less.

These principles are so plain that if the condition of the industry be explained to the employes it is impossible for them to lead public opinion to sustain them in a strike against their own interests and the interests of the employer. Such an act as I suggest would be a great measure for peace. It would not evade the law; it would simply provide for its proper enforcement. The courts can be trusted to protect the interests of property by the enforcement of such an act, and no labor union would have any excuse to appeal to violence, because all it is entitled to is a fair hearing at the bar of public opinion.

Let no man think that in what I say here I am saying one word to apologize for violence, as I insist on the

right of the laborer to become a partner of his employer, to be heard on questions that affect the prosperity of their general partnership. I would be the first man to condemn violence and to advocate any measure that would be necessary to repress it. Highly as I value the importance of the laborer, deeply as I cherish the fact that the rate of his wages marks the standard of all our prosperity, there is something more important than he, than I: that is, the preservation of public order, always.

And I will say here, my friends, too, that in my judgment whenever a strike occurs I believe the master should always be held responsible for public opinion, but I don't say that because I believe workmen are always reasonable or always cheerful or always obedient or always industrious, but I say that the man who has a strike upon his hands confesses thereby that he is unable to manage men. It may be because he is too good. It is no reflection upon his moral qualities, but he is not fit to manage men, for he cannot control them.

I really believe that public opinion should insist that the same principle that governs employers in hiring a man to manage mules and horses should govern the employer who hires a man to manage men. Surely if a man allows his mule to come into violent collision with a wagon, when he got back, if he undertook to prove that it was the fault of the mule, that it was out of pure, absolute cussedness, do you suppose that would justify it? Do you suppose if he could not make the mules go his employer would keep him, however excellent his moral character? Is there any more sense in maintaining a man who is not able to manage other men than there is in hiring a man to manage mules who is not able to manage them?

MAN IN CHARGE RESPONSIBLE.

The man that is in charge of a great industry is the captain in the bridge. He is responsible for everything that goes wrong on the ship, whether it be in the hold where the stoker feeds the fire that gives the ship energy for its movements, or whether it be aloft in the crow's nest, where the lookout has been watching over

the safety of its movement. When the St. Paul ran ashore on the beach of New Jersey a passenger went up to the captain to cheer him in his disaster, and told him he was glad that he could find some consolation in the fact that the general opinion on board the ship was that the accident occurred through the mistaken report of the officer throwing the lead, that honest and loyal captain made this reply: "That is no excuse for me. I am the captain, and am responsible for every man, from the stoker in the hold to the lookout in the crow's nest. That is my misfortune. I ask the public to weigh against this one fault the whole record of a blameless life, but I have no excuse to offer."

When an enterprise goes wrong, when men who, by the law of their being should be co-operative and productive energies, are placing their hands against each other's throats in destructive violence, the man upon the bridge, the captain of the industry, should be held responsible to public opinion, and no excuse should ever be heard from the man who confesses by the paralysis of his trade that he is unable to manage human beings when those are committed to his management.

THREE REMEDIES PROPOSED.

My friends, these are my suggestions: Publicity for corporate mismanagement, prohibition under penalties for special favors, right of action against any corporation whose service is suspended, except an absolute defense proved that it was at all times ready to discuss with its employes questions at issue between them by agencies of their selection.

I am told, however, that if we promote this co-operation we will destroy individualism. Individualism is another of those phrases which have been specially invented for the perplexity of mankind. Individualism, in its last analysis, is savagery—the savage depending on himself alone for his shelter and his food; on the club from the tree, or the stone picked up by his unaided hand from the ground, for his weapon, is the most complete instance of individualism conceivable. Civilized man depends upon everybody else for his prosperity. The

object of savagery is to get a weapon to beat men away from them; the object of civilization is the employment and protection of the individual and the co-operation of men. All men are engaged in civilized life in a great scheme of co-operation, in which the activity of every man's hand is of vital importance to all the rest.

NO FEAR OF SOCIALISM.

We were told to-day that this closer co-operation would bring around socialism. I have no fear of that word. If the greater development of man's mortality and genius brings him so far as he will work as well for the common good as he would for his own, and we have just the same impetus for industry as we have had, socialism would not frighten me, for, my friends, I believe that we are all bound together by one common tie in common industry, in one common partnership. Can you or I do one thing for the benefit of himself without benefiting all his fellows? Can fancy gratify itself, can pride indulge itself? Can appetite satisfy itself without paying a tribute to the whole human race? If a man seek to build a palace in order to give expression to his pride and satisfaction to his sense of luxury, must not he employ 10,000 hands in every quarter of the globe? The woman who buys a new robe to gratify her vanity must give employment to hundreds of her fellow-creatures everywhere throughout the world. Even the capitalists who from the most sordid motives seek to raise the rate of interest from 5 per cent to 6 per cent must serve his fellows in doing it.

There is but one way he can increase the profits of his capital, and that is to increase its productivity. If he is engaged in making tables he must make more tables, if he engaged in building he must erect more houses, if he is engaged in agriculture he must increase the area of tillage, and in doing that he must employ more labor and he must distribute tens of dollars for every one that he turns into his own pocket. Our patience, our vanities, our hopes, our ambitions, are but the delusions which bind us to the care of human progress, making each one of us discharge some tribute which we owe to all humanity. (Applause.)

FREE LABOR CHANGES THE WORLD.

If I were asked to define the economic effect of humanity, that which makes this civilization Christian civilization, I should say it was the substitution of free labor for slavery, the change to free labor from slave labor has worked an extraordinary change throughout this world. The removal of manacles from the hand of man has wonderfully increased its productivity; it has wonderfully extended the scope of his powers, multiplied his possessions, lengthened the span of his days and widened the horizon of his ambitions. But out of his very prosperity it has created this difficulty with which we are confronted to-day. The slave was willing to accept from the hand of his master a crust of bread as the reward of his labor to escape the lash. But the free laborer enjoys a fair share of the prosperity which has been created by his toil.

Thank heaven we have turned away from the question of foreign wars and exterior boundaries to internal conditions and domestic prosperity. I do not fear any question that arises from this prosperity. I do not fear the specter of socialism or anything else that can be conjured. Sufficient unto to-day is this day in which we have already achieved a splendid progress.

Closer co-operation is a step toward the brotherhood of man. If socialism is to be the fruit of higher development I am not afraid of the word. I am not disturbed by anything which will extend that principle into our industrial system, for it is that which underlies it; it is the origin of this industrial system built upon freedom, enlarged—not merely the field of men in citizenship, but his partnership in industry. The height to which man has risen will be the point from which he can survey with confidence that strength and that determination to still greater heights that shall ennoble him. (Prolonged applause.)

BRYAN'S SHORT TALK.

At the close of Cockran's speech Colonel Bryan was called to the front and spoke briefly as follows:

Mr. Chairman, Ladies and Gentlemen:—I am denying myself a great pleasure when I refuse to respond to your very cordial invitation. When I came this afternoon and found that Mr. Cockran and I were to speak together this evening, or it had been so announced, I consulted with him and with those who were in charge, and it was the decision that anything like a debate would not be in keeping with the purpose of this conference.

We are not here to arouse partisan feeling by standing as representatives of different ideas. We are here to take part in a conference, to give expression to our views, and to gather as much information as we can from the views expressed by others, and it was decided that it was better that Mr. Cockran should have this evening by himself and that I should speak to-morrow at 10 o'clock and give my views. And while, as I say, I am denying myself a great pleasure in refusing to speak to this magnificent audience, I am sure that you, upon reflection, will agree that our decision is the correct one, and that the purpose of this conference shall be carried out and that we shall avoid as far as possible anything that might seem like partisanship or an attempt to array one part of the body against another part. I don't know to what extent Mr. Cockran represents the views of the delegates here. I don't know to what extent I represent the views of the delegates in what I shall say, but to-morrow at 10 o'clock I shall submit some remarks in regard to the subject of monopoly and make some suggestions as to methods by which monopoly can be eliminated. I am one of those who believe that monopoly in private hands is undeniable and incontrollable in a free country.

While I agree with much that Mr. Cockran has said to-

night—agree with some of the remedies proposed—I cannot fully agree with all that he has said, and to-morrow, instead of attempting to answer any part in which I may differ, I expect to present this subject as it appears to me in order that I may contribute my part toward the solution of this great question.

FOURTH DAY.

At the opening of the morning session of the fourth and last day of the Conference, Col. William Jennings Bryan was introduced. Following is a verbatim report of his speech:

INDUSTRIAL COMBINATIONS.

WILLIAM J. BRYAN.

Mr. Chairman, Ladies and Gentlemen:—I appreciate the very kind words of Governor Stanley in presenting me to this audience. I am glad I live in a country where people can differ from one another, differ honestly, express their convictions boldly, and yet respect one another and acknowledge one another's rights. I am not vain enough, however, to think that any good will which has been expressed by the people toward me is due to any personal merit. If I have had political friends it is because people believe with me in certain ideas, or rather that I believe with them in certain ideas. It is the idea that makes the man. (Applause.) The man is only important as he helps the idea.

I come this morning to discuss in your presence a great question—a question of growing importance to the American people. The trust principle is not a new principle, but the trust principle is manifesting itself in so many ways and the trusts have grown so rapidly that people now feel alarmed about trusts who did not feel alarmed three years ago. The trust question has grown in importance, because within two years more trusts have been organized, when we come to consider the capitalization and the magnitude of the interests involved, than were organized in all the previous history of the country, and the people now come face to face with this question: Is the trust a bless-

A STRUCTURAL DIFFICULTY.

It may not be so easy to correct him even when you know how.

—*From the Chicago Daily News.*

ing or a curse? If a curse, what remedy can be applied to the curse?

NO GOOD MONOPOLY.

I want to start with the declaration that monopoly in private hands is indefensible from any standpoint and intolerable. (Applause.) I make no exceptions to the rule, I do not divide monopolies in private hands into good monopolies and bad monopolies. (Applause.) There is no good monopoly in private hands. There can be no good monopoly in private hands until the Almighty sends us angels to preside over us. (Applause.) There may be a despot who is better than another despot, but there is no good despotism. One trust may be less harmful than another. One trust magnate may be more benevolent than another, but there is no good monopoly in private hands, and I do not believe it is safe for society to permit any man or group of men to monopolize any article of merchandise or any branch of business. (Applause.)

What is the defense made of the monopoly? The defense of the monopoly is always placed on the ground that if you will allow people to control the market and fix the price they will be good to the people who purchase of them. The entire defense of the trusts rests upon a money argument. If the trust will sell to a man an article for a dollar less than the article will cost under other conditions, then in the opinion of some that proves a trust to be a good thing. In the first place I deny that under a monopoly the price will be reduced. In the second place, if under a monopoly the price is reduced the objections to a monopoly from other standpoints far outweigh the financial advantage that the trust would bring. But I protest in the beginning against settling every question upon the dollar argument. (Applause and cheers.) I protest against the attempt to drag every question down to the low level of dollars and cents. (Applause.)

MAN AND THE DOLLAR.

In 1859 Abraham Lincoln wrote a letter to some people in Boston, and in the course of the letter he said: "The Republican party believes in the man and the dollar, but

in case of conflict it believes in the man before the dollar." (Applause.) In the early years of his administration he sent a message to congress, and in that message he warned his countrymen against the approach of monarchy. And what was it that alarmed him? He said it was the attempt to put capital upon an equal footing with, if not above, labor in the structure of government, and in that attempt to put capital even upon an equal footing with labor in the structure of government he saw the approach of monarchy. Lincoln was right. Whenever you put capital upon an equal footing with labor, or above labor, in the structure of government you are on the road to aid a government that rests not upon reason but upon force. (Applause.)

Nothing is more important than that we shall in the beginning rightly understand the relation between money and man. (Great applause.) Man is the creature of God and money is the creature of man. (Applause.) Money is made to be the servant of man—(applause)—and I protest against all theories that enthrone money and debase mankind. (Prolonged applause.)

CHEAPENS RAW MATERIAL.

What is the purpose of the trust or the monopoly? For when I use the word trust I use it in the sense that the trust means monopoly. And what is the purpose of monopoly? If you want to find out you can find out from the speeches made by those who are connected with the trusts. I have here a speech made by Charles R. Flint at Boston on the 25th day of last May, and the morning papers of the 26th in describing the meeting said he defended the trust before an exceedingly sympathetic audience and then added: "For his audience was composed almost exclusively of Boston bankers." (Applause.) We thus secure, he says, the advantages of larger aggregations of capital and ability; if I am asked what they are the answer is only difficult because the list is so long.

But I now want to read to you a few of the advantages to be derived by the trusts from the trust system: "Raw material bought in large quantities is secured at lower prices." That is the first advantage. "One man to buy wool for all the woolen manufacturers." That means that every man

who sells wool must sell it at the price fixed by this one purchaser in the United States. The first thing is to lower the price of raw material. The great majority of the people are engaged in the production of raw material and in the purchase of finished products. It is but comparatively few who can stand at the head of syndicates and monopolies and secure the profits from them. Therefore, the first advantage of a monopoly is to lower the price of the raw material furnished by the people to that combination. (Applause.) Those plants which are best equipped and most advantageously situated are run continuously and in preference to those less favored.

NEW DANGER FOR WORKMEN.

The next thing is, after you have bought all the factories, to close some of them and turn out of employment the men who are engaged in them—(applause)—and if you will go about over the country you will see where people have subscribed money to establish enterprises, and where these enterprises, having come under the control of the trusts, have been closed and stand now as silent monuments to the wisdom of the trust system. (Applause.)

In case of local strikes and fires, the work goes on elsewhere, thus preventing serious loss. Do not the laboring men understand what that means? In case of local strikes or fires the work goes on elsewhere, thus preventing serious loss. What does it mean? It means that if the people employed in one factory are not satisfied with the terms fixed by the employer and strike, they can close that factory and let the employes starve while they go on in other factories without loss to the manufacturers.

It means that when they have frozen out the striking employes in one factory and compelled them to come back to work at any price to secure bread for their wives and children they can provoke a strike somewhere else and freeze them out there, and when a branch of industry is entirely in the hands of one great monopoly, so that every skilled man in that industry has to go to the one man for employment, then that one man will fix wages as he pleases and the laboring men will share the suffering of the man who sells the raw material. (Applause.)

MONOPOLY CHEAPENS BRAINS.

"There is no multiplication," is the next statement, "of the means of distribution and a better force of salesmen takes the place of a large number." I want to warn you that when the monopoly has absolute control, brains will be at a discount, and relatives will be necessary to fill these positions. (Applause.) When there is competition every employer has to get a good man to meet competition, but when there is no competition anybody can sit in the office and receive letters and answer them when everybody has to write to the same house for anything he wants. (Laughter and applause.) There is no question about it. A trust, a monopoly, can lessen the cost of distribution. But when it does so society has no assurance that it will get any of the benefits from that reduction of cost in reduction of price. But you will take away the necessity for that skill, for that brains. You will take away the stimulus that has given to us the quickness, the alertness of the commercial traveler, and these men, these commercial evangelists who go from one part of the country to the other carrying the merits of their respective goods, will not be needed, because when anybody wants them all he has to do is to write to the one man who has the things for sale, and say, "What will you let me have it for to-day?" (Applause.)

"Terms and conditions of sale become more uniform, and credit can be more safely granted." He cannot only fix the price of what he sells, but he can fix the terms upon which he sells. You can pay cash, or, if there is a discount, it is just so much discount, and you have to trust to that man's generosity and his decision upon what is fair when he is on one side and you on the other. I have read these only as some of the advantages which a great trust magnate thinks will come from the trust.

LOGIC OF TRUST CONTROL.

What is the first thing to be expected of a trust? That it will cut down expenses. What is the second? That it will raise prices. We have not had in this country a taste of a complete trust, a complete monopoly, and we cannot

tell what will be the results of a complete monopoly. By looking at the results that have followed from an attempt to secure a monopoly the monopoly has been lowering prices to rid itself of competitors; but when it has rid itself of competitors, what is going to be the result? My friends, all you have to know is human nature. (Applause.) God made men selfish. I do not mean to say He made a mistake when He did, because selfishness is merely the outgrowth of an instinct of self-preservation. It is the abnormal development of a man's desire to protect himself; but everybody who knows human nature knows how easy it is to develop that side of a man's being. Occasionally I find a man who says he is not selfish, but when I do I find a man who can prove it only by his own affidavit.

We get ideas from every source. An idea is the most important thing that a man can get into his head. (Applause.) An idea will control a man's life. An idea will revolutionize a community, a state, a nation, the world, and we never know when we are going to get an idea. Sometimes we get them when we do not want to get them, and sometimes we get them from sources which would not be expected to furnish ideas. We get them from our fellow men. We get them from inanimate nature. We get them from the animals about us. I got an idea once from some hogs that I think was a valuable idea. I was riding through Iowa and I saw some hogs rooting in a field, and the first thought that came to me was that those hogs were destroying a great deal in value, and then my mind ran back to the time when I lived upon a farm and when we had hogs.

CHECKS ON THE GREEDY.

Then I thought of the way in which we used to protect property from the hogs by putting rings in the noses of the hogs; and then the question came to me, Why did we do it? Not to keep the hogs from getting fat, for we were more interested in their getting fat than they were; the sooner they got fat the sooner we killed them; the longer they were in getting fat, the longer they lived. But why did we put the ring in their noses? So that while they were getting fat they would not destroy more than they were

worth. (Prolonged applause.) And then the thought came to me (laughter)—the thought came to me that one of the great purposes of government was to put rings in the noses of hogs. (Prolonged applause.) I don't mean to say anything offensive (applause), but we are all hoggish. In hours of temptation we are likely to trespass upon the rights of others.

I believe in self-government. I believe in the doctrines that underlie this government; I believe that people are capable of governing themselves. Why? Because in their sober moments they have helped to put rings in their own noses to protect others from themselves and themselves from others in hours of temptation. (Applause.) And so I believe we must recognize human nature. We must recognize selfishness and we must so make our laws that people shall not be permitted to trespass upon the rights of others in their efforts to secure advantages for themselves.

I believe society is interested in the independence of every citizen. I wish we might have a condition where every adult who died might die leaving to his widow and children enough property for the education of his children and the support of his widow. Society is interested in this because if a man dies and leaves no provisions for his wife and children the burden falls upon society. But while I wish to see every person secure for himself a competency, I don't want him to destroy more than he is worth while he is doing that. (Applause.) And I believe the principle of monopoly finds its inspiration in the desire of men to secure by monopoly what they cannot secure in the open field of competition. (Applause.) In other words, if I were going to try to find the root of the monopoly evil I would do as I have often had occasion to do—go back to the Bible for an explanation—and I would find it in the declaration that the love of money is the root of all evil. (Applause.)

FIRST CAUSE OF MONOPOLY.

I will not ask you all to agree with me, but we have not met here as a body of men who agreed. We have met here as a body of men who are seeking light and each ought to

be willing to hear what every other has to say, and each of us should desire the triumph of that which is true more than the triumph of that which he thinks may be true.

Let me repeat that the primary cause of monopoly is the love of money and the desire to secure the fruits of monopoly; but I believe that falling prices caused by a rising dollar have contributed to this desire and intensified it, because people with their plants, seeing the fall in prices and measuring the loss on investments, have looked about for some means by which they could protect themselves from this loss, and they have joined in combinations to hold up prices to protect their investments from a loss which would not have occurred but for the rise in the value of dollars and the fall in the level of prices. (Applause.)

Another thing that, in my judgment, has aided monopoly is a high tariff. Nobody can dispute that a tariff law, an import duty, enables a trust to charge for its product the price of a similar foreign product plus the tariff.

Now, some have suggested that to put everything on the free list that trusts make would destroy the trusts. I do not agree with this statement as it is made so broadly. I believe that the high tariff has been the means of extortion and that it has aided the trust to collect more than the trust otherwise could collect. But I do not believe you could destroy all trusts by putting all trust-made articles on the free list. Why? Because, if an article can be produced in this country as cheaply as it can be produced abroad the trust could exist without the benefit of any tariff, although it could not extort so much as it could with the tariff, and while some relief may come from modifications of the tariff, we cannot destroy monopoly until we lay the ax on the root of the tree and make monopoly impossible by law. (Applause.)

UNFAIR RAILROAD RATES.

It has been suggested that discrimination by railroads has aided the trusts. No question about it. If one man can secure from a railroad better rates than another man, he will be able to run the other man out of business. And there is no question that discrimination and favoritism secured by one corporation against another producer and a

rival have been largely instrumental in enabling a desired monopoly to become practically a complete monopoly. Now that can be remedied by laws that will prevent this discrimination, and when we prevent the discrimination, when we place every producer upon the same footing and absolutely prevent favoritism, monopoly may still exist. The remedy must go farther. It must be complete enough to prevent the organization of a monopoly.

Now what can be done to prevent the organization of a monopoly? I rather think we differ more in remedy than we do in our opinion of the trust. (Applause.) I venture to guess that few people will defend the trust as a principle, or a trust organization as a good thing, but I imagine our great difference will be as to remedy, and I want, for a moment, to discuss the remedy.

We have a dual form of government. We have a state government and a federal government, and while this dual form of government has its advantages, and to my mind advantages which can hardly be overestimated, yet it also has its disadvantages. When you prosecute a trust in the United States court it hides behind state's sovereignty, and when you prosecute it in the state court it rushes to cover under federal jurisdiction—(applause)—and we have had some difficulty in prosecuting a remedy.

STATE AND NATIONAL REMEDIES.

I believe we ought to have remedies in both state and nation, and that they should be concurrent remedies. In the first place, every state has, or should have, the right to create any private corporation which in the justice of the people of the state is conducive to the welfare of the people of that state. I believe we can safely intrust to the people of a state the settlement of a question which concerns them. If they create a corporation and it becomes destructive of their best interests they can destroy that corporation, and we can safely trust them both to create and to annihilate if conditions make annihilations necessary. In the second place, the state has, or should have, the right to prohibit any foreign corporation from doing business in the state, and it ought to have or has the right to impose such restrictions and limitations as the people of the state

may think necessary for foreign corporations doing business in the state. In other words, the people of the state not only should have a right to create the corporations they want, but they should be permitted to protect themselves against any outside corporation.

But I do not think this is sufficient. I believe in addition to a state remedy there must be a federal remedy, and I believe congress has, or should have, the power to place restrictions and limitations, even to the point of prohibition, upon any corporation organized in one state that wants to do business outside of the state. I say that congress has, or should have, power to place upon that corporation such limitations and restrictions, even to the point of prohibition, as may to congress seem necessary for the protection of the public good.

HE PROPOSES RESTRICTIONS.

Now I believe that these concurrent remedies will reach the difficulty, that the people of every state shall first decide whether they want to create a corporation; that they shall, secondly, decide whether they want any outside corporation to do business in the state, and, if so, upon what conditions; and thirdly, that congress shall exercise the right to place upon every corporation doing business outside of the state in which it is organized such limitations and restrictions as may be necessary for the protection of the public good.

I do not believe the people of one state can rely upon the people of another state in the management of a corporation. And I might give you a reason. I have here a letter that was sent out by a trust company of Delaware. It has an office in New York; and it is a most remarkable document, and the most remarkable document on this subject that has ever fallen under my observation. We have talked about the state of Delaware having a law favorable to trusts. I have a letter here which shows that in Delaware they adopted a law for the purpose of making Delaware more favorable to the trusts than New Jersey. Let me read the letter. This is a little long, but it will repay reading:

"The state of Delaware has just adopted the most favor-

able of existing general corporation laws—one marking a forward step in the evolution of corporations. It does not encourage reckless incorporation, nor merely the existence of wild-cat companies, but it furnishes at the least expense ample rights to stockholders and reduces restrictions upon corporate action to the minimum.

LAWS DRAWN FOR CAPITAL.

"The enactment is not the result, as in the case of most states, of hesitating, halting, enacting, amending and repealing, but is a logical and systematic measure framed by a committee of able lawyers appointed by the legislature to examine the various statutes of the various states and prepare a bill which should embody the good and eliminate the bad points of existing law. The law is based broadly upon that of the state of New Jersey and embraces all the beneficial provisions and safeguards found in the laws of that state. It is, however, in many respects, advanced far beyond New Jersey, and makes Delaware a much more attractive home for business corporations.

"In the following salient provisions the Delaware and New Jersey laws are substantially identical: 1. Any three persons may organize a corporation. 2. It may engage in any lawful business excepting banking. 3. Its existence may be perpetual or limited. 4. It may purchase and deal in real or personal property wherever situated, and to any desired amount. 5. It may be a mortgagee or a mortgagor. 6. It may conduct business anywhere in the world. 7. Stock may be issued for property purchased, and in Delaware for services rendered, and in the absence of fraud the judgment of the directors as to the value of such property or services is conclusive. 8. It may easily wind up its affairs and dissolve itself. 9. Its authorized capital stock need not be more than $2,000, and only $1,000 of this need be subscribed for. 10. The amount of capital stock which it may issue is unlimited. 11. It may file its certificate of incorporation and even begin business before any sum whatever is paid in. 12. It may have different classes of stocks, with different privileges or restrictions. 13. The charter may be easily amended. 14. Only one director need be a resident of Delaware. 15. Capital stock may be

easily diminished or increased. 16. The corporation may be readily merged or consolidated into other corporations. 17. The incorporators may or may not limit the authority of the directors as to the liabilities."

DELAWARE'S BID FOR TRADE.

And after giving us these points of similarity the letter proceeds as follows: "The Delaware law possesses the following advantages: 1. The original fee that we pay for incorporation is small—about three-quarters of that in New Jersey. 2. The annual tax is small—one-half of that in New Jersey. Delaware is a small state and does not need very large revenue. (Laughter.) 3. Stockholders and directors may hold their meetings wherever they please and need never meet in the state of Delaware. New Jersey stockholders must meet in that state. You see, it is a decided advantage over the New Jersey law in that respect. 4. The original stock and transfer books, which in a New Jersey corporation may be kept in the state, may be kept in or out of Delaware, in the discretion of the company. 5. The examination of the books by intermeddlers is much more difficult under the Delaware law than under the laws of any other state. (Applause.) 6. The liability of the stockholders is absolutely limited when the stock has once been issued for cash, property or services. 7. Stock may be issued in compensation for services rendered, and in the absence of fraud in the transaction the judgment of the directors as to the value of such services is conclusive. 8. For certain improved classes of corporations, as, for instance, railroads, railway, telegraph, cable, electric light, steam-heating power, gas-piping lines and sleeping car companies, the advantage is still more marked."

I wish we had some way of knowing what the additional advantages are, after having read the ordinary advantages. (Laughter.) "9. The annual report of a Delaware corporation is required to give no secret or confidential information. 10. The certificate need not show nor need public record be in any way made of the amount of stock subscribed by any incorporator."

And then the letter adds: "This company is authorized to act as the agent and trustee of corporations organized,

under the Delaware law. It will maintain the principal office of the company in Delaware and keep an agent in charge within the state. It is formed for the purpose of facilitating the incorporation of companies in Delaware and of aiding them to comply, at a minimum expense, with the requirements of the Delaware law. We are ready to aid and give full information to incorporators or their counsel. We do not interfere between attorney and client. We do not conduct a law business. Copies of the Delaware law and blank forms of information concerning Delaware corporations furnished on application."

GALLERY PUTS A QUERY.

A voice from the gallery—Colonel, Delaware and New Jersey are both Democratic states, are they not? Mr. Bryan—They were not in 1896. (Cheers and applause.) Another voice from the gallery—Has the gentleman any more questions to put? Mr. Bryan—I am very glad to have questions asked, because we are seeking the truth. (Laughter and applause.)

Mr. Bryan continued:

I have read this letter to show you that where a state can gain an advantage from the incorporation of these great aggregations of wealth it is not safe to place the people of other states at the tender mercies of the people of such a state as may desire to secure its running expenses from the taxation of corporations organized to prey upon people outside. So I read the letter to show how impossible it is for us in one state to depend for protection upon the people in another state; and while, as I say, I believe the people of every state should have the power to create corporations and restrain and limit or annihilate, yet I believe no complete remedy can be found for the trust until the federal judgment, with a power sufficiently comprehensive to reach into every nook and corner of the country, shall lay its hands upon these trusts and declare that they shall no longer exist. (Applause.)

Now, I am here to hear and to receive and to adopt any method that anybody can propose that looks to the annihilation of the trusts. One method has occurred to me, and to me it seems a complete method. It may not com-

mend itself to you. If you have something better I shall accept it in the place of this which I am about to suggest. But the method that occurs to me is this: That congress should pass a law providing that no corporation organized in any state should do business outside of the state in which it is organized until it receives from some power created by congress a license authorizing it to do business outside of its own state. (Applause.) Now, if the corporation must come to this body created by congress to secure permission to do business outside the state, then that license can be granted upon conditions which will, in the first place, prevent the watering of stock; in the second place will prevent monopoly in any branch of business; and third, provide for publicity as to all of the transactions and business of the corporation. (Applause.)

DUTY OF CONGRESS.

A voice: "Colonel, would such a law be constitutional?"

I was going to cover that. I am glad you mentioned it. What I mean to say is this, that congress ought now to pass such a law. If it is unconstitutional and so declared by the Supreme Court, I am in favor of an amendment to the Constitution that will give to congress power to destroy every trust in the country. (Applause.) The first condition which I suggested was that no water should be allowed in the stock. I don't agree with those who say it is a matter entirely immaterial whether a corporation has water in its stock or not. It is true that in the long run, if you are able to run as long as the run is, you may squeeze the water out of the stock, but during all that time the harm goes on; during all that time the trust demands the right to collect dividends upon capital represented by no money whatever. I do not believe any state should permit the organization of any corporation with a single drop of water in the stock of that corporation. (Applause.) The farmer cannot inflate the value of his land by watering the value of that land. The merchant in the store cannot inflate the value of the goods upon his shelves. Why should the corporation be permitted to put out stock that represents no real value?

Why, there are instances where there are $4 of water

for $1 of money. Yes, a man suggests seven. Do I hear a higher bid? (Applause.) I have known it to be twelve (laughter)—but I am a conservative man, and I must maintain my reputation. (Applause.) No man can defend stock that does not represent money invested, and only in the case of a monopoly can you secure dividends upon stock that does not represent money invested.

PUBLIC PAYS FOR WATER.

We had a case in Nebraska in which we tried to regulate railroad rates, and one railroad in our state was capitalized and bonded for more than five times what it would cost to duplicate the road, and yet the judge held that in fixing rates and in determining what was fair compensation for the railroad we had to consider the watered stock as well as the actual value of that road, and when the case went to the Supreme Court the Supreme Court rendered a decision, which, while I cannot quote it in its exact language, was, in substance, this: That in determining what was a reasonable rate we had to take into consideration a number of things beside the present value of that road, measured by the cost of reproduction.

And you will find that if the watering of the stock is permitted the cry of the innocent purchaser is raised, and you will be told that you must protect the man who bought this stock. My judgment is that no man can stand in the position of an innocent purchaser who buys stock in a corporation if that stock is not represented by actual money invested, because he can find out what the stock stands for if he will only investigate. And if the man can learn upon investigation, why protect him in his ignorance when that ignorance is due to his unwillingness to investigate? Now, if this license is granted, then the first conditions can be that any corporation desiring to do business outside of the state in which it is organized shall bring to that board or body proof that that stock is bona fide and that there is no water in it. In my judgment, when you take from monopoly the power to issue stock not represented by money you will go more than half the way toward destroying monopoly in the United States. (Applause.)

DANGER IN SECRECY.

You can provide for publicity, and that annually or at such other times as the corporation shall make returns of its business and of its earnings, because, as has been well said by men who have spoken here, corporations cannot claim that they have a right or that it is necessary to cover their transactions with secrecy, and when you provide for publicity, so that the public shall know just what there is in the corporation, just what it is doing and just what it is making, you will go another long step toward the destruction of the principle of monopoly. (Applause.)

But I am not willing to stop there. I do not want to go one step or two steps. I want to go all the way and make the principle of monopoly absolutely impossible, or a monopoly absolutely impossible in the industry of this country. (Applause.) And therefore, as a third condition, I suggest that this license shall not be granted until the corporation shows that it has not had a monopoly and is not attempting a monopoly of any branch of industry or any article of merchandise. (Applause.) Then provide that if the law is violated the license can be revoked. I do not believe in the government giving privileges to be used by a corporation without reserving the right to withdraw them when those privileges become hurtful to the people. (Applause.)

I may be mistaken, but as I have studied the subject it has seemed to me that this method of dealing with the trusts would prove an effective method; but if you once establish the system and require the license, then congress can from year to year add such new conditions as may be necessary for the protection of the public from the greed and avarice of great aggregations of wealth.

RIGHTS OF CORPORATIONS.

I do not go as far as some do and say there shall be no private corporations, but I say this, that a corporation is created by law, it is created for the public good, and it should never be permitted to do a thing that is injurious to the public good—(applause)—and that if any corporation enjoys any privileges to-day which are hurtful to the public,

those privileges ought to be withdrawn from it. In other words, I am willing that we should first see whether we can preserve the benefits of the corporation and take from it its possibilities for harm. A delegate—Would you apply that to rich individuals, also? Say Rockefeller did it on his account. Mr. Bryan—We have not reached a point yet where an individual has been able to do harm, and in my judgment if we would abolish those laws that grant special privileges and pick out men to be favorites of the government, no man by his own brain and muscle could ever earn enough money to be harmful to the people. A voice—Now will you be good? A delegate—Please, what will you say to the banks reporting five hundred millions of money in the land and four billions of loans? Mr. Bryan—Well, I would say it would not be safe to have all the loans collected at once.

Following out the suggestion the gentleman has made, I want to add to what I have said to this extent: My contention has been that we have been placing the dollar above the man; that we have been picking out favorites in government, and have been bestowing upon them special privileges, and every advantage we have given them has been given them to the detriment of other people. My contention is that there is a vicious principle running through the various policies which we have been pursuing; that in our taxation we have been imposing upon the great struggling masses the burdens of government, while we have been voting the privileges to the people who will not pay their share of the expenses of the government. (Applause.)

UNJUST LAW IS LARCENY.

Every unjust tax law is an indirect form of larceny. If, for instance, a man who ought to pay $10 only pays $5, and one who ought to pay $5 pays $10, the law that compels this contribution from these two men virtually takes $5 from one man's pocket and puts that $5 in another man's pocket, and I have claimed that when we collected our taxes we were making the poor people pay not only their own share, but the share of men whom they have no chance to meet at the summer resorts. (Applause.) And I have been gratified to note the progress you have been making

in Illinois—(applause)—toward a more equitable division and a more equitable distribution of the burdens of government.

I heard it stated that there was a time only a few years ago when the agricultural implements owned by the farmers living within the city limits of Chicago were assessed for more money than was assessed against all the other people who lived within the limits of the city of Chicago. I don't know whether it was true or not, but I saw it stated as a fact. There are some people who have visible property, others who have invisible property, and the visible property is always taxed. The invisible property has too often escaped, and as the result the people owning visible property have paid not only their own taxes but the taxes that should have been paid by the owners of invisible property, and I have advocated an income tax because I have believed it to be the most just tax. I don't mention it to argue the subject here, because I want to avoid the discussion of questions that might be in the nature of partisan or political capital. But I only mention it in following out the suggestion I made in reply to a question that if this government will go out of the business of picking out favorites and follow the doctrine of equal rights to all and special privileges to no man—(applause)—if it will do that I have no fear that any man by his own brain and his own muscle will be able to secure a fortune so great as to be a menace to the welfare of his fellow men.

VAST ACCUMULATIONS OF WEALTH.

If we can secure a government whose foundations are laid in justice and laws exemplifying the doctrine of equality before the law—if we can secure such a government and such laws, and then under such a government and such laws wealth is accumulated to a point where it becomes dangerous, we can meet that question when it arises, and I am willing to trust the wisdom of society to meet every question that arises and remedy every wrong. (Sigmund Zeisler—What will you do, Colonel, with the multi-millionaires who already exist? Suppose they should hold and acquire all the industries, all the factories, and particularly industries? Colonel Bryan—Do you mean before our laws

got into operation? Mr. Zeisler—The multi-millionaires who already exist.)

First, I would see if they die soon enough to relieve us of danger, and if they didn't I would see what was necessary to protect society from them. And this brings me to what I regard a very important branch of this subject. I am glad the suggestion was made about the difference between an individual and a corporation. Every trust rests upon a corporation. At least that rule is so nearly universal that I think we can accept it as the basis for our deliberation. Every trust rests upon a corporation and every corporation is a creature of law. The corporation is a man, individuals.

WHEN GOD MADE MAN.

When God made man as the climax of creation, He looked upon His work and said it was good, and yet when God got through the tallest man was not much taller than the shortest, and the strongest man was not much stronger than the weaker. That was God's plan. We looked upon His work and said it was not quite as good as it might be, and so we made a fictitious man that is in some instances a hundred times—a thousand times—a million times—stronger than God made man. (Applause.) Then we started this man-made giant out among the God-made pygmies. Now when God made man he placed a limit to his existence, so that if he were a bad man he could not do harm long, but when we made our man-made man we raised the limit on his age. (Laughter and applause.) When God made man He breathed into him a soul and warned him that in the next world he would be held accountable for the deeds done in the flesh, but when we made our man-made man we did not give him a soul, and if he can avoid punishment in this world he need not worry about the hereafter. (Applause. A voice—That is pretty good.)

My contention is that the law that created must retain control, and that the man-made man must be admonished every day of his life: "Remember now thy Creator in the days of thy youth." (Prolonged applause.) Let me call your attention again to this distinction. We are not dealing with the natural man; we are not dealing with natural rights. We are dealing with the man-made man and arti-

ficial privileges and so-called rights. What government gives the government can take away. What the government creates it can control, and I insist that both the state government and the federal government must protect the God-made man from the man-made man. (Applause.)

NOT A NATURAL OUTGROWTH.

I have faith that these questions will be settled, and settled right, but I want to protest against this doctrine that the trust is a natural outgrowth of natural laws. It is not true. The trust is the natural outgrowth of unnatural conditions created by man-made laws. (Applause.) There are some who would defend everything, good or bad, on the ground that it is a part of destiny (applause) and you cannot inquire into it. The fact that it is, proves that it is right; the fact that it is, proves that it has come to stay, and the most potent argument that was ever made in defense of a vicious system was not that it was right, and ought to stay, but that it has come to stay, whether you like it or not. I say that is the most potent argument that has ever been advanced in behalf of an error—it is here, it has come to stay, what are you going to do about it?

I believe that in a civilized society the question is not what is, but what ought to be (applause), and that every proposition must be arraigned at the bar of reason. If you can prove that a thing is good, let it stay, but if you cannot prove that it is good you cannot hide behind the doctrine that it is here and you cannot get rid of it. I believe the American people can get rid of anything they don't want (great applause) and that they ought to get rid of everything that is not good. (Applause.) I believe the duty of every citizen is to give to his countrymen the results of his conscience and his judgment and cast his influence, be it small or great, upon the right side of every question that arises, and that in the determination of questions we should find out what will make our people great and good and strong, more than what will make them rich.

MENACE OF AN ARISTOCRACY.

Shall I decide the ethics of larceny by discussing how much the man is going to steal, or the chances of getting

caught? No, my friends, you have to decide upon a higher ground, and if you were to prove to me that a monopoly would reduce the price of the articles we have to purchase I would still be opposed to it for this reason, which to my mind overshadows all pecuniary arguments: Put the industrial system of this nation into the hands of a few men and let them determine the price of all material, let them determine the price of finished products and the wages of labor paid, and you will have an industrial aristocracy beside which a landed aristocracy would be an innocent thing, in my judgment. (Great applause.)

I may be in error, but in my judgment a government of the people, by the people and for the people will be impossible when a few men control all the sources of production and hand out daily bread to all the rest on such terms as the few may prescribe. I believe this opinion is the hope of the world. I believe the Declaration of Independence was the grandest document ever penned by human hands. (Applause.) The truths of that declaration are condensed into four great propositions: That all men are created equal, that they are endowed with inalienable rights, that governments are instituted among men to preserve those rights and that governments derive their just powers from the consent of the governed. (Cheers and applause.) Such a government is impossible under an industrial aristocracy.

RULE OF THE SYNDICATES.

Place the food and clothing and all that we eat and wear and use into the hands of a few people and instead of being a government by the people it will be a government of the syndicates, by the syndicates and for the syndicates. (Applause.) Establish such a government and the people will soon be powerless to secure a legislative remedy for any abuse. Establish such a system and the night before election a man will be notified not to come back the day after election unless the policy of the trusts' candidate is successful. (Continued cheers and applause.) Establish such a government and instead of giving the right of suffrage to the people you virtually give the right of suffrage to the heads of monopolies, with each man empowered to

vote as many times as he has employes. I am not willing to place the laboring men of this country absolutely at the mercy of the heads of monopolies—(cheers)—I am not willing to place the men who produce the raw material absolutely into the hands of the monopolies, because, when you control the price that a man is to receive for what he produced you control the price that he is to receive for the labor in the production of that thing.

The farmer has no wages, except as the wages are measured by the price of his product, and when you place it in the power of the trust to fix the price of what the farmer sells, you place it in the power of the trust to lower the wages the farmer receives for his work, and when you place it in the power of the trust to raise the price of what he buys, you do the farmer a double injury, because he burns the candle at both ends and suffers when he sells and again when he buys of the trust. (Great applause.)

KINSHIP OF ALL TOILERS.

Some people have tried to separate the laboring man who works in the factory from the laboring man who works on the farm. I want to warn the laboring men in the factories that they cannot separate themselves from those who toil on the farm without inviting their own destruction. I warn the laboring men in the factories that when they join with the monopolies to crush the farmer, as soon as the farmer is crushed the laboring man will be crushed, and his ally will be destroyed—(applause)—and in a test of endurance the farmer will stand it longer than the laboring man. I come from an agricultural state—one of the great agricultural states of this nation—and I want to say to you that while our people are, I believe, a unit against the trusts we can stand the trusts longer than the laboring men; we can stand all the vicious policies of government longer than the laboring man can.

The farmer was the first man on the scene when civilization began and he will be the last to disappear. (Applause.) The farmer wants to own his home; he ought to own it. I think this nation is safer the larger the proportion of home owners. (Applause.) I want every man with a family to own his home. The farmer wants to own his home,

but if you won't let him he can rent. He will have to be employed to work the farm, because the fellows who would take the farm wouldn't work it if they had it. Take from him by mortgage, if you like, but the man who foreclosed the mortgage and buys in the property will not work the farm. He will need the farmers to work for him, but he will have to give the farmer enough to live on, or the farmer cannot work. You may drive the farmer down so he cannot buy coal, but he can burn corn. (Laughter.) But you drive the coal miner down so he cannot buy corn, and he cannot eat coal. You can drive the farmer down so he cannot buy factory-made goods, but his wife can do like the wife of old—make the clothing for the family off of the farm. But when you close your factories it will take all the accumulated wealth of the cities to feed your starving men, made starving by your vicious, greedy, avaricious legislature. (Applause.)

PLEA FOR UNSELFISHNESS.

But, my friends, why should we try to see who could hold out the longest in suffering? Why try to see who can endure the most hardships and yet live? Why not try to see who can contribute most to the greatness and to the glory and to the prosperity of this nation? Why, those who can contribute most should make this government what the fathers intended it to be. For one hundred years this nation has been the light of the world. For one hundred years the best of all nations have looked to this nation for hope and instruction. Let us settle these great questions that we have; let us teach the world the blessing of a government that comes from the people, and let us show them how happy and how prosperous people can be.

I believe the doctrine that God made all men of the same dust and did not make some to crawl on hands and knees and others to ride upon their backs. We recognize that man has his rights and can defend them; and he must also respect the rights of others. Let us show what can be done when we put into actual practice those great doctrines of human equality and of equal rights and make this government what the fathers intended, so that we shall

lead the world step by step onto higher ground. I thank you for your attention.

MONOPOLIES UNDER PATENT.

JAMES H. RAYMOND.

After Colonel Bryan closed, James H. Raymond of Chicago was presented then. He spoke on "Monopolies Under Patents and the Industrial Effects Thereof." The encouragement of our patent system, he maintained, has been a factor in increasing our export trade, and it has dignified and enriched daily toil. He laid down this proposition:

The encouragement and the hope of regard, by way of a monopoly for the limited period or of a full and speedy compensation for parting with the monopoly in whole or in part, which the patent laws of the United States, in no equivocal terms, promises to its people, have filled American workmen with ambition. I must add that any material interferences in the carrying out of these promises, whether by congress, by the courts or by the communes, will degrade labor, will widen the breach between capital and labor, will tend to destroy our mechanical and industrial supremacy, will tend largely, whatever the conditions of peace or war may be, to reverse the balance of trade between our nation and other nations, and will work havoc in all our boasted institutions.

PRACTICAL REMEDIES FOR TRUSTS.

G. W. NORTHRUP.

G. W. Northrup followed Mr. Raymond, taking as his theme "Practical Remedies for Industrial Trusts." He concluded with the proposition:

It is idle for a state to punish and extirpate its own domestic monopolies, so long as its manufacturers, dealers and consumers remain practically subject to the destructive competition of foreign monopoly.

CIVIC FEDERATION ON TRUSTS.

PROF. DAVID KINLEY.

David Kinley, professor of the University of Illinois, presented a report on the information gathered by the Civic Federation concerning trusts. The report was in part as follows:

Questions were sent to wholesale dealers, commercial travelers, railroads, combinations, labor organizations, contractors and manufacturers, economists, financiers, public men, etc.

According to these replies the following articles cannot be bought outside of trusts: Anthracite coal, bagging, grass goods, cigarettes, copper (rolled), coffee, glass, iron and steel (certain iron and steel products such as chains, nails and shovels, pipe, etc.), glucose, kerosene oil, liquors (domestic distilled, except some Kentucky whisky), matches (certain makes), raisins, roofing (felt and slate), powder and ammunition, stoves, sardines, starch, snuff, solder, scythe snaths, tin plate, tinware, tobacco (certain brands as Battle-Ax, Horse Shoe, Duke's Mixture and Durham), white lead, white pine lumber, woodenware and yeast cakes.

In answer to the question what effect combinations have on the distributor, 110 say it is injurious because it decreases their business and profits and tends to eliminate them, and forty-nine wholesale dealers think they have been benefited by the formation of combinations.

In answer to the question what effect combinations have on the consumer, 105 think consumers are injured, while only twenty-four think they are benefited, and forty-one think there is no difference.

The items of information about prices aggregate 506. Four hundred and fifty-two were to the effect that prices rose after combinations were made, twenty-four that they fell, fifteen that there was no change, and fifteen that they were fluctuating, 210 do not specifically assign a cause, 189 assign trusts as the cause of the change (increase in most of these cases), and forty assign other causes, usually "increased demand," "rise of raw materials," or the tariff.

Of the 452 answers that prices rose, 294 were from wholesale dealers, 105 from manufacturers and contractors, and fifty-three from commercial travelers.

TRUSTS FROM A BUSINESS MAN'S STANDPOINT.

T. B. WALKER.

The last speaker for the morning session was T. B. Walker, who spoke on "Trusts from a Business Man's Standpoint." Among other things he said:

I have watched the methods of the trusts for several years, and the more I have become familiar with them and known their methods the more I have become satisfied that they are an element of evil in society. For instance, let us take up the tin plate trust. Where there was altogether about $10,000,000 worth of property, it was capitalized for $50,000,000; $20,000,000 preferred was given to the plant owners, $20,000,000 of common stock was also issued, and $10,000,000 went to the promoters for compensation. The tin plate industry to-day is earning 15 to 20 per cent on $50,000,000 of stock, having only $10,000,000 worth of legitimate property, and the price of tin has almost doubled. The basis on which a trust is organized prevents them from furnishing goods as cheap to the community as they could be furnished under the old methods, because you have got from five to ten times as much stock to pay a dividend on.

One o'clock having arrived, the chairman declared the conference adjourned until 3 p. m. During the interval the resolutions committee made its final decision and was prepared for the report by the time the morning session adjourned.

THE LAST SESSION.

The session opened at 3 o'clock, and Chairman Howe first announced the committee he had been ordered to appoint in the morning on finance and publication. Following is the membership: A. D. Bartlett of Illinois, R. D. Sutherland of Nebraska, Thomas Osborn of New York, W. D. Foulke of Indiana, T. D. Walker of Minnesota; Franklin Head and Ralph M. Easley, ex-officio members.

Recalling the slow response on the part of delegates to the opportunity for a general discussion on one previous occasion, the chairman decided to open the way by asking two speakers to break the ice.

ON TEXAS LAW.

HON. T. S. SMITH.

Attorney General T. S. Smith of Texas was the first. He dwelt upon the meaning and workings of the anti-trust law in his state with reference to the general subject of trusts and trust legislation. State legislation together with national legislation he deemed necessary to remedy the evil of trusts and protect the people. Continuing, he said:

So far as the Texas anti-trust law is concerned, we do not expect to confiscate anybody's property. We say to you: "You may come to Texas and transact any business, but it must be a legal business and open to competition, and that restriction is based alike upon individuals, partnership and corporations."

NEW JERSEY TRUSTS.

J. B. DILL.

James B. Dill, a corporation lawyer of New York, but doing a large business in New Jersey, followed with the declaration that he was going to talk horse sense for about

five minutes. "New Jersey is as much misunderstood," he said, "in Texas as Texas is misunderstood in New Jersey." In part he said:

If, instead of providing for the punishment of trusts after being organized, you will provide for the punishment of the man that promotes them, you will kill the eggs in the nest before they are hatched. I would simply provide for the English statute in this country—that any article advertising the stock of a corporation or any prospectus issued in regard to the stock of a corporation, wherein a sum of money is mentioned as the subscribed capital, shall truly state the amount of money actually paid and subscribed as capital of the corporation. The effect of these meetings here, whatever resolutions are passed to-day, I believe, will check these dishonest combinations, because it will show that men are still living who go about ready to prick the bubbles of sham and fraud, wherever they are found.

GENERAL DISCUSSION.

FOULKE CHALLENGES BRYAN.

From this on the conference was thrown open in debate to all comers, although Mr. Howe called first upon William Dudley Foulke of Indiana, asking if he did not have something to say. Mr. Foulke was on his feet in a moment taking issue with some of Mr. Bryan's proposed remedies. In part he argued:

An amendment to the constitution requires to be carried by a two-thirds vote by three-fourths of the states. If we are to have federal legislation to control the products of the great part of our manufacturing industries, practically nearly all the agencies by which we live and move and have our being; if we are to have federal courts adjudicating upon all classes in regard to those things, it will be very evident that state lines will be shadowy things in the presence of the great industrial force of the consolidated republic. My friends, are you ready for that change? If you are to dissolve the Standard Oil Company, Mr. Rocke-

feller and his associates could easily organize a partnership with sufficient capital to carry on exactly that same business in exactly that same way.

It was this speech of Mr. Foulke which directly brought on the debate between Mr. Bryan and Mr. Cockran. Mr. Bryan was sitting with the Nebraska delegation in the rear of the hall. He took the floor amid cries of "Bryan" and "Speech."

CHICAGOAN DEFIES COCKRAN.

But a Chicagoan named Copeland had beaten him to the chairman's ear and Mr. Bryan gave way to the man in front for the time. Looking Mr. Cockran at his side squarely in the face a large share of the time, Mr. Copeland argued for many things and defied Mr. Cockran to a debate. He particularly urged the efficacy of the initiative and referendum. He said in part:

You will never get any legislation inimical to the trusts in your own interests until you get the power of legislation into your own hands; until you get your courts down from the high benches down among your own selves; until you get these executive officers to be your servants and not your masters.

BRYAN REPLIES TO FOULKE.

Mr. Bryan, replying to Mr. Foulke, said:

Mr. Chairman, I would not occupy the time again, but for the fact that the gentleman from Indiana (Mr. Foulke) has referred to a plan which I suggested, and I am afraid that he does not fully understand. Just a word in regard to the plan. I want to repeat that it was not presented as the only plan, nor is it necessarily the best plan. It is simply a plan. I was sorry that when the gentleman got through destroying this plan he did not suggest a better one. (Applause.) Political agnosticism is of no great benefit to the public. Not to know what to do is often a convenient position to occupy, but it contributes very little to the settlement of a question. (Applause.)

My plan was this:

1. That the state should have the right to create whatever private corporations the people of the state think best.

2. That the state has, or should have, the right to impose such limitations upon an outside corporation as the people of the state may think necessary for their own protection. That protects the rights of the people of the state to say, first, what they shall organize in their state as a corporation, and second, what they shall permit as a corporation to come from other states to do business in their state.

FEDERAL RESTRICTIONS.

3. That the federal government has or should have the right to impose such restrictions as congress may think necessary upon any corporation which does business outside of the state in which it is organized. In other words, I would preserve to the people of the state all the rights that they now have, and at the same time have congress exercise a concurrent remedy to supplement the state remedy. When the federal government licenses a corporation to do business outside of the state in which it is organized, it merely permits it to do business in any state, under the conditions imposed by that state, in addition to the conditions imposed by the federal government. I would not take away from the state, the people of the state, any right now existing, but I would have the federal government and the state government exercise the powers that may be necessary to annihilate the monopoly. I do not agree with the gentleman that you cannot annihilate a monopoly. (Applause.) I believe it is possible to do so, and I could not help but think of a line of a song while the gentleman was speaking, and while he was destroying every possible remedy suggested yet presented no other. I thought of that rhyme:

> "Plunged in a gulf of deep despair,
> Ye wretched sinners lie."

(Great laughter and applause.)

You are here. There is no help for you! Now, it is a great deal easier to find fault with a remedy proposed than to propose a remedy which is faultless, and Macaulay—I think he is the author of the phrase—has said:

"If any money was to be made by disputing the law of gravitation, able men could be found to write articles against the truth of that law." And I have no doubt that any remedy that is proposed will be assaulted.

AS TO ITS CONSTITUTIONALITY.

Now, this is a conference. We have not met here to destroy the trusts. Every law for the annihilation of trusts must go through political action. We are here to discuss these questions. We are here to contribute what light we can and receive what light others can contribute. We are here to find out the various remedies that are proposed. Now, I am not sure that the remedy which I propose is unconstitutional. I am not sure that the constitution would prohibit such an act of congress as I suggest. Suppose congress should say that whenever a corporation wanted to do business outside of the state it must apply to and receive from somebody created by congress for the purpose a license to do business. Suppose the law should provide three conditions upon which the license should be issued.

1. That the evidence shall show that there is no water in the stock.

2. That the evidence should show that this corporation has not in the past and is not attempting now to monopolize any branch of industry or a branch of any article of merchandise; and

3. Providing for that publicity which everybody has spoken of and about which everybody agrees. Suppose that is done. Who is here to say that such a law would be unconstitutional?

COULD AMEND THE CONSTITUTION.

But suppose the law is passed and is held unconstitutional, then we can amend the constitution. The gentleman suggests that it is a difficult thing to get two-thirds of both houses to favor amendment and three-fourths of the states. That is true, it is a difficult thing, but if the people want to destroy the trusts you can get two-thirds of both houses and three-fourths of the states. But what is the alternative? Sit down and do nothing? Allow

them to trample upon you and ride roughshod over you, and then thank God that you still have some life left? Is that the only remedy?

I heard of a man once who had been taught to be contented with his lot, and finally became very poor and traded off his coat for a loaf of bread. Before he had a chance to eat the bread a dog came along and snatched it away from him. He felt a little indignant at first, but finally that feeling of contentment came back to him, and as he watched the dog turn around a corner in the road carrying the bread away he said: "Well, thank God, I still have my appetite left." (Laughter and applause.) Now, there are some people who seem to preach that doctrine that we ought to be satisfied with anything.

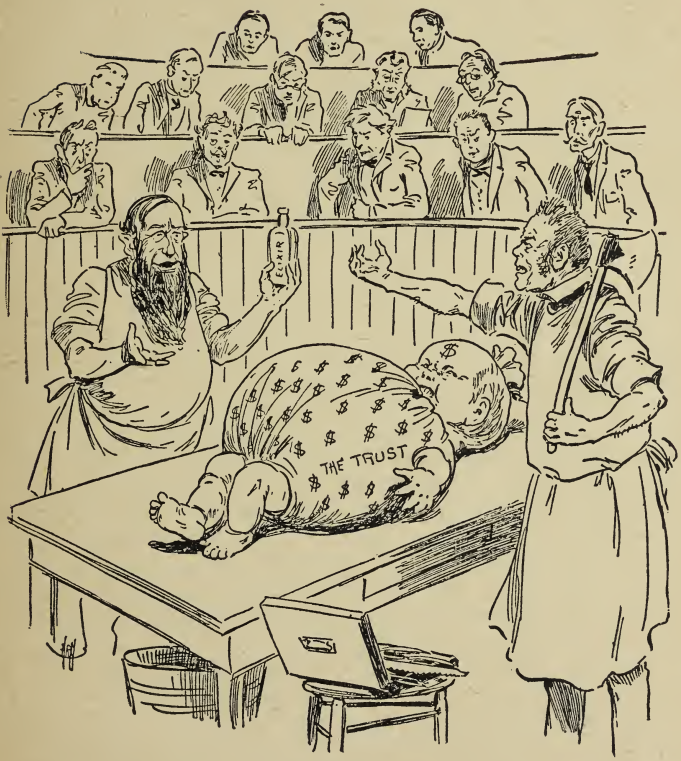
AMERICANS ENTITLED TO BEST.

My friends, the American people are entitled to the best that there is. (Applause.) The American people are entitled to the best system on every subject. I believe when these questions are presented to the American people they will select and secure the best system.

I do not believe it necessary for us to sit down quietly and permit a great aggregation of wealth to strangle every competitor. I do not believe that it is in accordance with our dignity as a people, or in accordance with the rights of the people to say, because a great corporation is organized that therefore it should be permitted to go into the field of a new corporation, undersell it until it bankrupts it, raising the money by higher prices somewhere else.

I don't think it is necessary for us to do that. I have only suggested a plan. It may not be the best plan. If you have anything better propose it. If there is any amendment that you can think of that will improve it, suggest it. I am anxious to accept anything.

Let me suggest one other thing that I believe will be a step in the right direction. The great trouble has been that, while our platforms denounce corporations, corporations control the elections and place under obligation to them the men who are elected to enforce the law. (Applause.)



WHICH?

—From the Chicago Tribune.

Let me propose a remedy—not a remedy, but a step, I think, in the right direction. Let the laws, state and national, make it a penal offense for any corporation to contribute to the campaign fund of any political party. (Continued cheers and applause.) Nebraska has such a law, passed two years ago. Tennessee has such a law, passed two years ago. Such a law was passed, or was introduced in the state of New York, but so far it has not reached the stage of actual law in the state of New York. (Laughter.) Now, I believe it is a step in the right direction.

SUGAR TRUST TESTIMONY.

You remember the testimony taken before a senate committee a few years ago, when the head of the sugar trust testified that the sugar trust made it its business to contribute to campaign funds; and when asked to which one it contributed, replied that it depended upon circumstances. "To which fund do you contribute in Massachusetts," was asked. "To the Republican fund." "To which fund in New York?" "To the Democratic fund." "To which fund in New Jersey?" and the man says, "Well, I will have to look at the books; that is a doubtful state." (Continued laughter and applause.) Now, that is almost a literal reproduction of the testimony of one great corporation on the subject of campaign contribution. I don't mean to say that that remedy will be a complete one, but I believe that when you prevent a corporation from contributing to campaign funds that you take a step in the right direction toward better legislation, because some corporations are compelled to contribute; they are blackmailed into contributions, and such a law would protect a corporation that did not want to contribute and also prevent a corporation from contributing that did want to contribute. If the people are in earnest they can do it, and you never could do anything in this country until the people are in earnest, and when the American people understand what the monopoly question means, I believe that there will be no power, political, financial or otherwise, to prevent the people from taking possession of every branch of the government, from President to the Supreme

Court, and making the government responsible to the people's will. (Cheers and applause.)

COCKRAN REPLIES TO BRYAN.

Scarcely had Mr. Bryan left the stage than the chairman recognized Mr. Cockran, who was seated in the New York section, close to the platform. Beginning with Mr. Bryan as an introduction, he spoke as follows:

Mr. Chairman, Ladies and Gentlemen:—Just one moment while I express my complete concurrence in much that Mr. Bryan has said and my great satisfaction that he has taken the platform for the purpose of restoring this debate to its natural limits. If there be a monopoly that oppresses, I believe that there is no constitutional limitation, there is no provision of government, there is no power on earth against these people redressing a wrong when it becomes a wrong.

The question to which I think the attention of this conference should be directed is whether this one exists and where it is. I said yesterday that I had been suffering through every portion of this discussion from that dangerous intoxication of phrases which seem to be sufficient to sustain magnificent periods, and when all is over none of us quite know what we have been talking about.

Now, who is hurt, and where? Where has this octupus got possession of somebody? On whom is it acting? Where is its lair? I am free to confess that when you call an aggregation of capital a combination, a hydra-headed monster, an octupus, it doesn't cast any light upon it that illumines my pathway. I can understand how the use of these phrases can have some effect, as nothing frightens people so much as incomprehensive noises. (Laughter and applause.) Let a noise be heard here now and none of us understand, and we will all be going out of the window. (Applause.)

DOING PRETTY WELL.

Now men can be put to intellectual and physical flight by the terrifying noises of sound. What is it that we

hear? Are we doing pretty well? Well, we have had here representatives of labor organizations who have been telling us that wages are higher to-day than they ever have been. Certainly they do not seem to suffer. We are told that it is not the dollar that we want, but we want the man. Well, what is the purpose of the dollar except to improve the condition of the man? (Laughter.)

I am told that a God-made man is one thing and a man-made man is another; that the God-made man is the very attribute of divinity, and the man-made man seems to have got away from his Creator and to have developed habits of depravity during the separation. Well, now, is there such a thing as a God-made man in the world? Why, God-made man is the original savage. (Prolonged laughter.)

Do you suppose that Mr. Bryan would come upon this platform and give the oration which he delivered and go over the world speaking to multitudes and creating wild enthusiasm at his periods from the original resources of man? Why, he represents centuries of cultivation. The very clothes that he wears have all been contributed to him by other men, and in that sense it is true he is a fine type of the God-made man, and also, thank heaven, he is a splendid type of the man-made man. (Applause.)

I listen to my friend from Indiana with great interest, and he was talking about suppressing something or other. I wondered why it was and I wonder yet. (Applause.) Do you want competition or don't you? (A voice: "Yes, we want competition.") Yes, you want competition. There is a very frank man, who I believe agrees in the main with the proposition of Mr. Bryan. He wants competition. If you want competition must not somebody succeed in it? Will you suppress the man because he excels another so far that he constitutes a monopoly? Are you going to place limits upon excellency? (A voice: "We object to the railroads being used for the benefit of one set of fellows to the detriment of another. That is a monopoly.")

Mr. Cockran—I agree with you there. I would invoke the power of the government for that purpose.

BECOMES A MONOPOLY.

Any industrial product which is the truth of human ingenuity and human skill in every instance in this development and production and excels all others, it becomes a monopoly while that excellency lasts. When the excellency decays opposition springs up. I venture to take Mr. Bryan himself as an illustration of the results of the freedom of competition. If you are going to destroy the freedom of competition and the excellency which it develops and the domination of that excellency in industry, why not do it in intellect? Are you going to curtail the efforts of the competent lawyer to aid the smaller lawyer struggling against a superior competitor, and a doctor who hangs out his shingle?

If you are going to stop all this business of competition by Mr. Bryan's plan, let us provide that congress may issue licenses to any person engaged in any form of human activity to come from one state to the other on such terms as congress provides. Some lawyers might be shut out from coming to Washington to pratice in the Supreme Court of the United States. I would like to shut out some myself. The possibilities are that except a suggestion is made there would be a compromise as there always is in radical propositions. (Applause.) They would probably be glad to issue licenses for oratory, because that is a department in which all of its members would be glad to compete with its chief exponent, Mr. Bryan, for the purpose of closing the distance between them.

WANTS TO SEE THE EVIL.

We seem to have drifted into an atmosphere of bigness concerning what is called the evil of monopolies. Now, there has not been an evil given that has been attributed to monopoly here, which, if it existed, I would not be enlisted under the banner of those to suppress it. If it be an evil thing, if you can show me evil upon it, I do not hesitate to adopt Mr. Bryan's remedy. If you point out to me, as Mr. Bryan did this morning, the fact that we have not seen the evils of this monopoly yet, why, then I say you are simply creating a fanciful picture; your

excessive affection for your fellows has conjured up evils that exist only in your own brain. Like Don Quixote of old, you are constituting yourself a knight errant of political economy—not against the windmill, but enlisting the windmill on your side. (Applause and laughter.) If we realize for the moment that this is an age of improvement, that the conditions of men are growing better and better, we ought to hesitate a while before we change and take the side, maybe, for one of fanciful experiments.

I believe that I can say with perfect sincerity and truth that the change which has come over this world within the last ten years is the great phenomena of civilization. It has been but ten or twelve years since the public parks had to be approached by miserable street cars; when the only method of locomotion to them was on foot; and to-day the mechanic and the laborer is able to ride to them upon improved roads and upon bicycles which they own—entering into the possession of their own—entering into the possession of their own improved conditions, showing by the health of their cheeks and the increased efficiency of their arms that Almighty God is guiding His people forward, and that the height that he has reached is not a dizzy eminence from which we have any reason to feel that we will fall to disaster. (Applause.)

FUNCTIONS OF LABOR UNIONS.

You ask me what the functions of the labor union are. I tell you it is to promote that closer relationship and that quicker distribution. (Applause.) I believe when the time comes that the employers realize to themselves that they are but captains of industry, that they are but part of the machinery of production, that they are but directing the energies of others, because by that direction the energy is greater, more fruitful and brings larger rewards to each, that they will be glad to welcome the trades union as a means of free and simple interchange of opinion between their partners and themselves. The curse of overproduction is not the inherent difficulty in the distribution, because you will find that while the strike is raging on one system of railway another system of railway which gives no higher wages and exacts no longer hours is in the

throes of a bloody contest. It cannot be then the inherent difficulty of the distribution, but it is the difference in the characters of those charged with its administration. If employers and employes would both realize, and I believe from the papers that were read here that the employes do, that the volume of the wages is regulated by fixed laws, that it cannot be more and it cannot be less than it is worth, the employer would insist upon his employes joining the union for the purpose of facilitating discussion between them.

ALL TEND TO PEACE.

They cannot change the laws that govern their relationship, but they can discover what these laws are. They can save time in the discovery. They can dwell together in peace, and the time saved from wrangling, disorder and riot and confusion would be expended in production and in improving the condition of every human being throughout the country. (Applause.)

It is my earnest hope and it is my firm belief that as years go by, and the very minute that employers realize that, they would insist on their employes organizing themselves for the mere purpose of facilitating intercourse between them, and it is not a Utopian dream that before another conference of this character assembles the largest employers of labor will insist upon their employes joining unions and choosing representation in them, realizing that it is a joint industry, and that the man who works is just as valuable as the man who directs his work. (Applause.)

Let me advert once more to the question which I consider of vital importance, and I hope these gentlemen who have put questions to me showing a socialistic opinion will come upon this platform. I think we will all admit that socialism is at least a distant remedy, conceding it to be one. I am not here to indulge in abstractions or speculations about questions which are necessarily remote. I came to this conference in the hope that we could make some suggestions which might be immediately adopted.

POINTS OF AGREEMENT.

We have agreed, I believe, that some statute should be devised to provide publicity of all corporate acts. We have agreed that a penalty should be provided against any such form of favor by a corporation exercising special franchises, and the machinery of publicity will be the means of discovering it. That, I believe, according to all of us, is a distinct gift. I was in hopes that we would discuss these industrial disturbances, and that we might, at least, get this far while we are still a short distance from the socialistic basis, while there is difficulty about interfering in the industry of private citizens, that we may provide that corporations exercising great public franchises should be held to some accountability. When the convenience of the public is suspended by the suspension of their services to them, when the railroad company is not acting, when the gas company is not supplying its product, when any great enterprise chartered by the state and depending on the state charter, an agency of the state collapses, it is the business of the state to ask it why, and it ought to be at once the right of every citizen who is disturbed by that cessation to demand compensation. Now, that much might be passed by the concurrence of every person in this conference. When that is passed, I believe the beneficent results that would follow from it would make strikes in this country impossible.

NOT A NEW SYSTEM.

It would not be adopting a new system; it would only be compelling the recalcitrant railroad corporations, the ignorant, benighted management, who will be in the minority, to assent to the opinion adopted to-day by a magnificent majority. I believe that there are many laws now in existence to which we would say "God speed," dating from to-day. I don't ask the state to prescribe any conditions to a settlement. Let it be a complete defense for the railroad to say: "We have met these men by agencies of their own choosing, and we have discussed this question with them." Let that be a complete defense, and I tell you that then you will have accomplished a solution of the ques-

tion, because there cannot be a strike between an employer and employe if the discussion between them over wages or hours is conducted in the spirit of the hour urged here by Mr. Garland and Mr. Gompers from this platform. (Great applause.)

If an unjust demand is made the railroad presidents or executive has but to demand that his men formulate it. The formulation of an unjust demand would raise against the laborer the public opinion which now is upon his side, and furnishes him the weapon of the boycott.

My suggestion is a suggestion of peace, of brotherhood; not to establish any new law, because this law of partnership has existed ever since free labor was established throughout the world through the intervention of Christianity. It is true that it never was recognized until this day, and even now it is only partially seen. I had hopes that this conference would kindle a great light throughout this country, that it would direct the attention of all the elements engaged in industrial co-operation to this most pregnant question.

Mr. Bryan has said that the prosperity of the people, or in other words, the amount of wealth they can create is a sordid question. A sordid question? Why, upon this the volume of production of everything intellectual and moral depends. Can the poet live in the sublime and beautiful as long as the food which supports him is not supplied by other hands? Must he not rely upon others for the pen and paper and other materials by which the evolutions of his genius are given circulation? Must not the philosopher who surveys the wide expanse of the heavens depend upon other hands for his telescopes and mathematical instruments, and whose labor re-enforces his discoveries? Can the physician spend days and nights at the bedside of pain, fighting death, if the food that supports him, the house that shelters him, the clothes that promote his comfort, and the medicines that re-enforce his skill are not produced by the efforts of other men whom he has never seen? Does not the painter use the labor and ingenuity of ten thousand persons in the pigments and paints with which he casts upon the canvas the sublime conceptions of his genius? Who can live without his fellows? Who can

raise his hands in a single act without contributing to this grand brotherhood of men, which I hope this conference will bring around to better conceptions of the relations which bind us together in this great work of life.

END OF CONFERENCE.

SENATOR BLAIR.

Among the succeeding speakers were George Schilling and John F. Scanlan. Mr. Gaines moved a vote of thanks to the Civic Federation and the City of Chicago. Before passage there were incorporated the names of the chairman and secretary and "others who had participated in the plans and developments of the conference." Senator Blair of New Hampshire was called out by Chairman Howe, who said that the little corner of the country—New England—had not yet been heard from.

Mr. Blair said among other things:

If you remove the tariff from the productions of our great industrial enterprises they will put their capital where they can produce their goods the cheapest. Their plants, machinery and money investments would be removed to other countries, where their goods would be manufactured by cheaper labor and poured into our markets, thus destroying our home market.

NO RESOLUTIONS.

Former Governor Luce of Michigan, chairman of the resolutions committee, reported at this juncture the set of resolutions adopted to the effect that it was without the province of the conference under the call to pass resolutions. The report was unanimously adopted.

THE LAST WORD.

CHAIRMAN HOWE.

The last word in the conference by way of paper, speech or debate, was from the permanent chairman, William Wirt Howe of New Orleans. He explained that he had prepared a paper before reaching Chicago at the request of the Civic Federation. In part he said:

Where do we stand after four days of discussion, always interesting, often profoundly scientific and sometimes rising into the brilliant sphere of oratory? It seems to me, simply as an individual, of course, that almost every paper or address we have heard has made some admissions or concessions which may form a basis for some conclusions, and if you will allow me I will formulate some of them as follows:

1. That combinations and conspiracies in the form of trusts or otherwise in restraint of trade or manufacture, which by the concensus of judicial opinion are unlawful, should be so declared by legislation, with suitable sanctions, and if possible by a statute uniform in all jurisdictions, and also uniform as to all persons, and that such a statute should be thoroughly enforced so that those who respect it shall not be at a disadvantage as compared with those who disregard it.

2. That the organization of trading and industrial corporations, whether under general or special laws, be permitted only under a system of careful government control, also uniform if possible in all jurisdictions whereby we think that many of the evils of which complaint is now made may be avoided.

FAVORS SYSTEM OF REPORTS.

3. The objects of the corporation should be confined within limits definite and certain. The issue of stock and bonds, which has been a matter of so much just criticism

and complaint, should be guarded with great strictness. If mortgage bonds seem to be required they should be allowed only for a moderate fraction of the true cash value of the property that secures them. As for issues of stock, they should be safeguarded in every possible way. They should only be allowed either for money or for property actually received by the company, and dollar for dollar, and when the property is so conveyed it should be on an honest appraisement of actual value, so that there may be no watering of stock.

4. And, finally, there should be a thorough system of reports and governmental inspection, especially as to issues of bonds and stock and the status and value of property. Yet at the same time in the matter of trading, business and industrial companies, there are many legitimate secrets which must be respected by the general public. In short, we need to frankly recognize the fact that trading and industrial corporations are needed to organize the activities of our country, and that they are not to be scolded or belied, but controlled, as we control steam and electricity, which are also dangerous if not carefully managed, but of wonderful usefulness if rightly harnessed to the car of progress.

5. We agree without a dissenting voice in thanking the Civic Federation of Chicago for furnishing this opportunity for education, and the people of Chicago, not only for a hospitality as large as its limits, but for the object lesson their city affords to teach us what can be done in America by enlightened public spirit in associated effort.

Upon motion of Louis F. Post of Chicago, the conference on trusts and combinations adjourned sine die at exactly 6 o'clock.